

Education Working For All!

Commission for Developing Scotland's Young Workforce Final Report

June 2014

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CHAIRMAN'S FOREWORD

I have pleasure in presenting the Commission for Developing Scotland's Young Workforce Final Report.

The Challenges

Today, in Scotland we have 53,000 young people, not in work and not in education, waking up each morning wondering if their community has any need for them.

This unemployment rate at 18.8 per cent is almost three times the all age unemployment rate of 6.4 per cent and double that of the best performing European countries.

More than 50 per cent of school leavers don't go to university. Very few gain industry relevant vocational qualifications while still at school.

Less than 30 per cent of Scottish businesses have any contact of any kind with education.

Only 27 per cent of employers offer work experience opportunities.

Only 29 per cent of employers recruit directly from education.

Only 13 per cent of employers have Modern Apprentices.

Even as the economy continues to recover, youth unemployment continues to be a challenge and is a major social and economic issue.

Our Response

To meet these challenges, the Commission's task was to make recommendations towards Scotland producing better qualified, work ready and motivated young people with skills relevant to modern employment opportunities, both as employees and entrepreneurs of the future. In addition we need more employers to recruit more young people.

The Commission's Interim Report focused on the 50% of pupils who don't follow an academic pathway and those who leave school without Highers - how might we achieve much better understanding and recognition of the value and role of vocational education in a properly rounded and balanced education system. We also focused on the education and preparation of young people for successful employment.

This Final Report builds on this, highlighting the vital role of business and industry both to enhance the quality of the education experience and provide better knowledge of careers and the workplace, as well as offering more young people employment straight out of education. This is not part of the corporate social responsibility agenda. It is very much in business and industry's self-interest to maximise the skills and talents of an incredibly important resource – their future staff and workforce. We have also made comments on equalities in education and in the employment of young people.

Personal Reflections

I have immensely enjoyed chairing this Commission and would wish to use this Foreword to leave you with some key thoughts.

1. We live in a globally competitive world and our economic success will depend very much on our skills, productivity, innovation, work ethic and global outlook. There is nothing more important to Scotland's medium term economic future than getting the skills of its young people in tune with the very fast changing skills, technology and knowledge requirements of the modern world. This is not just about education and training nor is it just about getting youth unemployment levels back to 2008 levels. It is about Scotland's long term economic success and wellbeing. We need to significantly build up our private sector and our national and international competitiveness. We therefore need to make much better use of our total young workforce and ensure they have the work and employability skills they need to succeed. This will need strong leadership and firm commitments across the education and business sectors and in national and local government to deliver the changes.
2. The good news is a shift is clearly under way from purely the provision of learning to more focus on employability and skills required to meet market demand. This was among the original aims of *A Curriculum for Excellence* published in 2004 and this trend must continue. The Commission's Study has highlighted the importance of building bridges between schools, colleges, business and industry. There should be a continuum from primary school right through into employment, and so important new bridges will include the school-college vocational partnerships, the Foundation Apprenticeship (which offers the first year of a 3-4 year apprenticeship in the school senior phase), the long term school-business and college-business partnerships, and the proposed "Regional Invest in Youth Groups" which will help provide the bridges from education into employment. These new initiatives are entirely consistent with the original aspirations of Curriculum for Excellence.
3. We've highlighted the importance of greatly enhancing the esteem of vocational education and skills. Future success must be built on a healthy mix of academic and vocational studies and qualifications with the emphasis on quality and employability. The Scottish Government working with business, the local authorities and the education sector must devise and commit to a 5 year plan focused on establishing Scotland's vocational education system more on a par with higher education. There's a great opportunity for business to link into the new senior phase vocational pathways to greatly enhance both the choice and quality in vocational education and its attractiveness to young people. But we also need to persuade their parents, teachers, lecturers, employers and the media that vocational education and the resultant career opportunities have a key role to play in developing the Scottish economy in this modern high-tech world. These should all be important elements of a national Invest in Youth Campaign.
4. The key message we have had from young people on our Interim Report is their need for significantly enhanced quality work experience while at school and college. Employers

clearly look for work experience and it is incredibly important in preparing young people for the transition into successful employment. We have included this as a new recommendation 3 of our Final Report.

5. There's similarly a clear requirement for better career information and advice and broader preparation for the world of work. This is emphasised in the revised recommendation 2 in our Final Report. Our new teachers need to better understand employability and modern work skills, and our existing teachers' Continuous Professional Development programmes within the new Professional Update process, must focus much more on this.
6. Colleges have come on immensely since the Commission's work started in February 2013. They are re-energised and are re-inventing themselves as larger units with regional status and greater potential to develop and influence. They have some good new leadership and are clearly recognising their opportunity to migrate up the technology skills ladder and to enhance the focus on employability of the students. This makes colleges an increasingly investible proposition. They should not aspire to be future universities, but take pride in their very clear and distinctive role in developing modern skills in line with market demand and adding to Scotland's skills and technology base, an essential role complementary to that of our universities. They should aspire to become the best technology and vocational teaching and learning institutes in Europe.
7. Training providers also play a very important role in the delivery of vocational training and should be recognised as a key player, particularly in apprenticeships.
8. Apprenticeships, particularly at Level 3 and above, should once again become one of Scotland's main training pathways into employment opportunities. Our recommended changes would allow the first year of a number of the three and four year apprenticeships to be done while young people are still at school and this will hopefully encourage a lot more young people to consider apprenticeships. Of course, we'll need to match this by ensuring the demand is there from employers.

It only remains for me to say a number of thank you's. Firstly, to all of you from schools, colleges, training providers, business, industry and elsewhere who gave so freely in sharing your experience and your help and advice.

Secondly, to many of you in the public sector – Scottish Government, opposition parties, local government and others who again have been so helpful and supportive. Particular thanks to Sir Peter Housden and Dr Andrew Scott from the Scottish Government who were both instrumental in setting up the Commission and have been very supportive of its work.

Thirdly, a huge thank you to my Commission members for participating in so many visits and meetings. It's been very helpful to have had Michael Davis, Chief Executive of the UK Commission for Employment and Skills, on our Board as this has ensured a free flow of UK information on all the key issues we have examined.

Finally, a big thank you to Hugh McAloon, our Scottish Government official who has so ably steered the Commission and kept us right in so many ways. Hugh and his small team, Fraser Young and Sarah Munro, have done a huge amount of work and deserve all our thanks.

I now have pleasure, on behalf of the Commission, to pass this Final Report to our Ministers, Angela Constance and Mike Russell, and to COSLA. We are encouraged at the very positive Scottish Government and COSLA support for our Interim Report and hope that the content of our Final Report will likewise be accepted and progressed to achieve our remit and objective – to add significant value to Developing Scotland's Young Workforce, enhance young people's employment prospects and give them their rightful opportunity to contribute to our wider economic wellbeing and prosperity.

Sir Ian Wood

EXECUTIVE SUMMARY

The Commission for Developing Scotland's Young Workforce was set up in January 2013 to consider :

- How a high quality intermediate vocational education and training system, which complements our world-class higher education system, can be developed to enhance sustainable economic growth with a skilled workforce.
- How to achieve better connectivity and co-operation between education and the world of work to ensure young people at all levels of education understand the expectations of employers, and that employers are properly engaged.
- How to achieve a culture of real partnership between employers and education, where employers view themselves as co-investors and co-designers rather than simply customers.

BACKGROUND

Youth unemployment levels are currently 18.8%¹, more than double that of the average working age population. The reality of this statistic is that almost one in five young people in Scotland wake up in the morning wondering if their country needs them.

It is important that all young people in Scotland are provided with the opportunities to develop and use the skills and abilities necessary to become an active part of the labour force and to maximise the benefits to them and their contribution to economic growth.

More than 50 per cent of our young people don't go to university and, of these, very few leave school with vocational qualifications with labour market currency. The majority have had limited access or exposure to the world of work with only 27%² of employers offering work experience. For school pupils this is generally limited to one week in S4.

We are simply not preparing or equipping these young people for the world of work. There must be much more focus on providing them with the skills, qualifications and vocational pathways that will lead directly to employment opportunities.

It is also clear that employers have lost the habit of employing young people. Only 29 per cent of employers recruit young people from education³ and only 13% of employers take on apprentices⁴. Business and industry must be encouraged to work together with education and young people, and vice versa, to establish pro-active and engaged relationships which will benefit both young people and employers.

¹ Source; Labour Force Survey Jan-Mar 2014, ONS

² Source: Employer Perspectives Survey 2012. UKCES

³ Source: Employer Skills Survey 2013, UKCES

⁴ Source: Employer Perspectives Survey 2012. UKCES

The Commission has met more than 400 people across Scotland⁵ – leaders of schools, colleges, local government, business and industry and young people. The dialogue has been extremely helpful, frank and open in our examination of the current approach to school and college education, Modern Apprenticeships and employers' involvement in education and employment of young people and how this can be improved for the benefit of the young people and our economy.

We have developed a wide ranging set of recommendations across the six main areas of our remit, with the aim of increasing youth employment levels in Scotland to match those of the better of our European competitors. These cover:-

Better preparing school leavers for the world of work

- Beginning well before the start of the senior phase⁶ and right through to S6, young people should be exposed to a wide range of career options. This can only be achieved by schools and employers systematically working together in meaningful partnership to expose young people to the opportunities available across the modern economy. To support this a comprehensive standard should be developed for careers guidance which would include involvement of employers and their role and input.
- As they move into the senior phase, young people of all abilities should have the opportunity to follow industry relevant vocational pathways alongside academic studies. Thus we proposed new school-college vocational partnerships with the potential for young people to do qualifications such as National Certificates and Higher National Certificates as well as options to do the first year of a 3-4 year apprenticeship while still at school. It is also vital that we introduce a 21st century approach to high quality work experience that provides pupils with a meaningful and productive exposure to the world of work.

College education focused on employment and progression in learning

- Moving beyond school, we must ensure that young people at college pursue studies with an expectation of that they will lead successfully to employment in the prevailing labour market. The newly formed regional colleges, through more focused and ambitious outcome agreements, and working closely with industry, should ensure that a college education provides skills and qualifications relevant to the market requirements and in particular the new challenges of the modern technology orientated economy.

Modern Apprenticeships focused on higher level skills and industry needs

- Modern Apprenticeships should be developed in those industry sectors of the economy where young people have the best chance of building a long term career. Alongside this, the number of high level Modern Apprenticeships, level 3 and above, should be

⁵ List available at

<http://www.scotland.gov.uk/Topics/Education/edandtrainingforyoungple/commissiondevelopingscotlandsyoungworkforce>

⁶ The senior phase takes place from S4 to S6 in schools and includes ages 16 to 18 out of school.

expanded significantly to support Scotland's medium term economic growth. Industry must be to the fore of the future development of Modern Apprenticeships in Scotland.

More employers engaging with education and recruiting more young people

- Employers have a huge amount to gain from improving young people's workplace experience and knowledge of career options. The Review clearly identifies the many advantages for employers from much closer partnership working with schools and colleges in the development of the key assets for their future success. The Review makes a number of proposals in how employers can become much more involved to the benefit of themselves and the education system, principally through the proposed Invest In Youth Regional Groups.
- The majority of employers are not recruiting young people. Urgent and sustained action is required to counter this. It's proposed this is tackled again through the Invest In Youth Regional Groups with a range of initiatives to encourage employers to overcome the real and perceived barriers to employing young people.

Advancing Equalities

- As part of our review, we have looked at the challenges in advancing equalities within Scottish education and youth employment. We have particularly looked at gender, ethnicity, disability and care leavers. There are clearly no quick fixes in these areas, but we have made some recommendations focused on practical steps which we believe will make a difference in the medium to long term. This requires action and clear targets to address existing under representation and segregation within vocational education and looking at this in the development of senior phase vocational pathways could help improve equality outcomes in the workplace in the medium term.

Successful Implementation – success targets

The Commission believes with the appropriate level of support from government, education and employers, and with sustained mainstream investment in the changes proposed, Scotland should achieve:

- All 363 secondary schools in a long term partnership with employers within 3 years.
- The quality of work experience and career guidance to be significantly enhanced – all school pupils to receive work experience and career guidance in line with Recommendations 2 and 3 by 2020.
- An additional 5,000 Modern Apprenticeship places at level 3 and above by 2020 with potential for further growth beyond that.
- 60% of school leavers not attaining Highers to leave school with meaningful industry relevant vocational qualifications by 2020.

- Our unemployment rate to reduce to the average youth unemployment rate of the 5 best performing European countries by 2020. At current rates and population size, this should take youth unemployment down by around 30,000.

Our Recommendations are as follows –

EDUCATION & TRAINING

SCHOOLS

Senior Phase Vocational Pathways

Recommendation 1: Pathways should start in the senior phase which lead to the delivery of industry recognised vocational qualifications alongside academic qualifications. These pathways should be developed and delivered in partnership with colleges and, where necessary, other training providers. Their delivery should be explicitly measured and published alongside other school performance indicators.

Preparing Young People For The World Of Work

Recommendation 2: A focus on preparing all young people for employment should form a core element of the implementation of Curriculum for Excellence with appropriate resource dedicated to achieve this. In particular local authorities, Skills Development Scotland and employer representative organisations should work together to develop a more comprehensive standard for careers guidance which would reflect the involvement of employers and their role and input.

Recommendation 3: A modern standard should be established for the acceptable content and quality of work experience, and guidelines should be made available to employers. This should be developed by Education Scotland in partnership with employer bodies and Skills Development Scotland. This should involve input from young people. Work experience should feature in the Senior Phase Benchmarking Tool and in Education Scotland school inspections.

COLLEGES

Regional Outcome Agreements

Recommendation 4: Colleges' key role in the development of Scotland's young workforce should be recognised and managed through Regional Outcome Agreements.

Focus On Employment

Recommendation 5: The new regional colleges should have a primary focus on employment outcomes and supporting local economic development. This should be underpinned by

meaningful and wide ranging partnerships with industry and should be at the forefront of Regional Outcome Agreements and their measurement.

SCHOOLS AND COLLEGES WORKING IN PARTNERSHIP

Recommendation 6: A commitment to supporting the development of Scotland's young workforce through the enhancement of vocational education pathways should feature prominently in the National Performance Framework, Community Plans and College Regional Outcome Agreements.

MODERN APPRENTICESHIPS

Alignment with Economic Growth

Recommendation 7: Modern Apprenticeships should be aligned with the skills required to support economic growth.

Access and Higher Level Opportunities

Recommendation 8: Development of Modern Apprenticeship access processes and progression pathways should be prioritised.

Quality Improvement

Recommendation 9: An industry-led quality improvement regime should be introduced to oversee the development and promotion of Modern Apprenticeships.

Growth

Recommendation 10: If employers can be encouraged to offer significantly more good quality apprenticeships, the Scottish Government should consider a carefully managed expansion of the annual number of Modern Apprenticeship starts.

QUALITY ASSURANCE

Recommendation 11: Employability must be a key focus within Education Scotland's work to support and quality assure the delivery of education. To support this, Education Scotland must work more closely with business organisations and their members to ensure that their work is underpinned by an understanding of industry's needs and expectations.

SCIENCE, TECHNOLOGY, ENGINEERING AND MATHS

Recommendation 12: A focus on STEM should sit at the heart of the development of Scotland's Young Workforce.

MORE CHOICES MORE CHANCES

Recommendation 13: Support for young people at risk of disengaging from education and for those who have already done so should focus on early intervention and wide ranging, sustained support. This should relate to labour market demand and should be focused on helping young people engage on the labour market relevant pathways that we have highlighted.

INVOLVEMENT OF EMPLOYERS

Regional Invest in Youth Groups

Recommendation 14: The Scottish Government should support the creation of regional industry-led Invest in Youth groups across Scotland to provide leadership and a single point of contact and support to facilitate engagement between employers and education.

Business and Industry Partnerships with Schools

Recommendation 15: Businesses across Scotland should be encouraged and supported to enter into 3-5 year partnerships with secondary schools. Every secondary school in Scotland and its feeder primaries should be supported by at least one business in a long-term partnership.

Recommendation 16: Scotland's leading industry sector groups and companies should be encouraged to work with the Scottish College for Educational Leadership to develop a programme to provide emerging school staff leaders with a wide ranging understanding of industry and careers.

Business and Industry Partnerships with Colleges

Recommendation 17: Employers and national industry sector groups should form partnerships with regional colleges to ensure course content is industry relevant and full advantage is taken of work based learning and employment opportunities.

Industry Led Skills Planning

Recommendation 18: In the development of future industry Skills Investment Plans and Regional Skills Assessments, and in the updating of existing plans, there should be a specific focus on youth employment and the development of vocational pathways starting in the senior phase.

Recognising Good Practice – Invest in Youth Accolade

Recommendation 19: A nationally defined Invest in Youth Accolade should be developed to recognise industry's engagement in the development and employment of Scotland's young workforce.

Additional Support for Businesses Recruiting and Training Modern Apprentices

Recommendation 20: A small business Modern Apprenticeship recruitment incentive package should be developed to equip and support smaller and micro businesses to recruit and train more young people.

Recommendation 21: Voluntary levy schemes to recruit and train young people in skills shortage areas should be encouraged. Groups of employers should be supported to work in collaboration, with the Scottish Government providing co-funding.

Incentivising and Supporting More Employers to Recruit More Young People

Recommendation 22: Procurement and supply chain policies in both the public and private sectors should be applied to encourage more employers to support the development of Scotland's young workforce.

Recommendation 23: Public sector employers should be encouraged by the Scottish Government and local authorities to be exemplars in a national Invest In Youth Policy and this should be explicitly reflected in their published corporate plans.

Recommendation 24: Growth businesses and Inward Investment companies in receipt of public funding should be encouraged and supported to employ young people.

Recommendation 25: Financial recruitment incentives should be re-examined and carefully targeted to achieve the most benefit in providing sustainable employment for young people.

ADVANCING EQUALITIES

Cross Cutting Equality Issues

Recommendation 26: Scotland should embed equality education across Curriculum for Excellence.

Recommendation 27: Promotion and communication of career options should actively target equalities groups to promote diverse participation across gender, Black & Minority Ethnic groups, young people with disabilities and care leavers. The promotion of Modern Apprenticeship opportunities should be to the fore of this activity.

Gender

Recommendation 28: Senior phase vocational pathways should be designed to encourage more gender balance across occupations.

Recommendation 29: The Scottish Funding Council and colleges should develop an action plan to address gender disparities within college education. This should be underpinned by realistic but stretching improvement targets. The Scottish Funding Council should report on this annually.

Recommendation 30: Skills Development Scotland should develop an action plan to address gender disparities within Modern Apprenticeships. This should be underpinned by realistic but stretching improvement targets. SDS should report on this annually.

Young People From Black and Minority Ethnic Groups

Recommendation 31: A targeted campaign to promote the full range of Modern Apprenticeships to young people and parents from the BME community should be developed and launched to present the benefits of work based learning as a respected career option and alternative to university.

Recommendation 32: SDS should set a realistic but stretching improvement target to increase the number of young people from BME groups starting Modern Apprenticeships. Progress against this should be reported on annually.

Young Disabled People

Recommendation 33: Career advice and work experience for young disabled people who are still at school should be prioritised and tailored to help them realise their potential and focus positively on what they can do to achieve their career aspirations.

Recommendation 34: Funding levels to colleges and MA training providers should be reviewed and adjusted to reflect the cost of providing additional support to young disabled people, and age restrictions should be relaxed for those whose transition may take longer.

Recommendation 35: Within Modern Apprenticeships, SDS should set a realistic but stretching improvement target to increase the number of young disabled people. Progress against this should be reported on annually.

Recommendation 36: Employers who want to employ a young disabled person should be encouraged and supported to do so.

Care Leavers

Recommendation 37: Educational and employment transition planning for young people in care should start early with sustained support from public and third sector bodies and

employers available throughout their journey toward and into employment as is deemed necessary.

Recommendation 38: Across vocational education and training, age restrictions should be relaxed for those care leavers whose transition takes longer.

Recommendation 39: In partnership with the third sector, the Scottish Government should consider developing a programme which offers supported employment opportunities lasting up to a year for care leavers.

A set of supporting documents including the Commission's Interim Report, Statistical Analysis and an Equality Impact Assessment is available at:

<http://www.scotland.gov.uk/Topics/Education/edandtrainingforyoungple/commissiondevelopment/scotlandsyounworkforce>

INTRODUCTION

Scotland needs and has the potential to secure a highly educated, skilled and well-motivated young workforce able to compete with any in Europe and ensure Scottish business and industry continues to grow in stature at home and internationally.

Our future success will require us to compete successfully in a rapidly evolving, globalised economy. Achieving this will require an increasing reliance on a skilled workforce equipped to respond flexibly to the technical and global challenges in the years ahead.

Economic and Labour Market Context

Increasing skill and education levels within Scotland are an important driver of productivity, and improving our skills base is vital in enabling companies to grow and attract investment. The focus on young people within this is critical as we face demographic change which will result in an older population more reliant on the economic success of the working age population.

It is important that all young people in Scotland are provided with the opportunities to develop and use the skills and abilities necessary to become an active participant in the labour force and maximise their contribution to economic growth.

The economic outlook in 2014 is looking more positive. However even as we see overall unemployment fall, youth unemployment remains high. Put simply young people aren't sharing the benefits of improvements to the labour market. Looking ahead we're moving much more into a world of modern skills and technology with lower growth in the lower skilled work⁷.

This means raising skills levels across the board and taking advantage of the growth sectors identified in the Scottish Government Economic Strategy - Energy, Financial and Business Services, Food and Drink, Life Sciences, Creative Industries, Sustainable Tourism and Universities. There are also significant opportunities from our science, technology and advanced engineering assets across the key sectors and also in sectors such as Chemical Sciences, Construction, Forestry and Textiles.

The current unemployment rate for 16-24 year olds is 18.8% against 6.4%⁸ in the working age population. We must all share the responsibility for creating a successful education system aligned to the modern skills requirements of today and tomorrow. Our young people are a critical resource and only by investing in them will we reap the benefits of successful economic growth.

There are a small number of countries in Europe where this situation is significantly better and these countries have two things in common:

⁷ Sources: Working Futures 2010-2020, UKCES

⁸ Source: Labour Force Survey Jan-Mar 2014, ONS (not seasonally adjusted)

- A well-developed, highly valued vocational education and training system which starts in the secondary school, offers clear progression routes beyond school and plays a central part in the overall education system; and
- Significant and widespread employer commitment to vocational education and youth employment as part of the development of quality jobs across the economy.

The Commission has had a unique opportunity to look across senior phase education in schools, colleges and Modern Apprenticeships and to engage with a wide range of businesses and industry to develop recommendations, which will serve young people and our economy for years to come.

Education & Training

Our early investigation found almost unanimous agreement that we must raise the standard and status of vocational and further education to enable Scotland to achieve an important education and cultural change.

Scotland has deservedly an acclaimed higher education sector but frankly an ill-informed culture sees vocational education as a significantly inferior option. So we start with the background that we must find ways to enhance the parity of esteem between academic and vocational education and at the same time establish much clearer pathways starting in the senior phase for those young people not aspiring to go to university.

In seeking solutions our deliberations were facilitated by a number of important changes already under way:

- The Curriculum for Excellence in Schools seeks to embed the development of broader skills across schools, colleges and other providers and provides more flexibility in the senior phase (S4-S6) school curriculum.
- The formation of regional colleges with more focus on regional labour markets and a greater emphasis on employment outcomes.
- Much greater focus on the value of employed Modern Apprenticeships in meeting the industrial challenges of the 21st century with more and more employers seeing it as a way to respond to the skills demands of the modern economy.
- The Opportunities for All commitment to offer a place in learning for all 16-19 year olds not in employment, education or training.

Employers

The background here is that although many employers in Scotland do engage with education and employ young people, an estimated 70 per cent of Scottish businesses have no contact with education. Only 29 per cent employ young people directly from education and only 13 per cent of employers take on apprentices. Scottish employers have lost the habit of

employing young people. Youth unemployment is significantly more than double that of the adult population and double that of the best of the European countries. And only just over a quarter of employers offer work experience for young people.

Our early investigation indicated many employers recognised the importance of the challenge but wanted prescribed procedures and programmes to follow and an easy open door with schools and colleges. A large number, particularly SMEs⁹, would need support and guidance in taking up the challenge. Many of them recognise there is real benefit in investing time and effort in the education of their main business resource i.e. the people they employ.

So the challenge was to find new ways to engage employers with schools and colleges, and vice versa.

Advancing Equalities

Although many of the challenges faced here are based on deep rooted perceptions and prejudices across our society which will take time and significant effort to reverse, we have tried to respond to the request that we look at a number of equality issues in the education and employment of young people.

We have particularly focused on the impact of inequalities relating to gender, black and minority ethnic groups, young disabled people and care leavers in education and in trying to enter employment, and what might be done to improve this.

Those we consulted expressed the belief that addressing the generally inferior perception of vocational education and enhancing employability and work experience for all would help reduce some of the inequalities. The Commission accepted that this would make a contribution but there are deep rooted mindsets which need to be changed, and additional financial resources need to be made available in areas like disability and care leavers.

⁹ Small and medium sized enterprises are defined as those with fewer than 249 employees.

EDUCATION AND TRAINING

EDUCATION AND TRAINING

SCHOOLS

It is clear that Scotland, and indeed the UK, have traditionally focused on academic education and school performance measures have reinforced this. An oft repeated assertion from many of those contributing to our deliberations was that our education system has largely focused on 50% of the pupils i.e. those with academic aspirations.¹⁰ We also know that those with the lowest levels of qualification are at the greatest risk of unemployment.¹¹

A consistent theme in discussion with many parents was that those pupils not academically orientated going into 4th year school who don't want to leave school because there are no jobs, but who see no pathway or destination, drift, with no real purpose, fast becoming bored and frustrated.

This doesn't have to be the case. The introduction of Curriculum for Excellence in primary schools and in S1-S3 is already making a difference as a new approach to teaching and learning is helping pupils to develop many of the skills and attributes they will need to be successful in their working lives.

Curriculum for Excellence by its nature provides the opportunity for a more balanced and inclusive approach to academic and vocational education with the potential to blend the two to the needs of individual pupils.

We can however go further. Through ambitious partnership between our schools and colleges, many of our young people not inclined to pursue an academic pathway could leave school with high level vocational qualifications which have strong currency in the labour market. By significantly enhancing the vocational content of the offer to pupils, we would follow the example of the best performing European countries in terms of youth employment without splitting young people off into separate streams at school age.

Senior Phase Vocational Pathways

Recommendation 1: Pathways should start in the senior phase which lead to the delivery of industry recognised vocational qualifications alongside academic qualifications. These pathways should be developed and delivered in partnership with colleges and, where necessary, other training providers. Their delivery should be explicitly measured and published alongside other school performance indicators.

- Over the course of the senior phase young people should have the option to study for a National Certificate from S4 onward and where appropriate to progress onto a

¹⁰ 44% of young people leave school with qualifications below Higher level. Source: Summary Statistics for Attainment, Leaver Destination & Healthy Living No 3 – Follow Up Destinations, 2011/12, Scottish Government

¹¹ 4 out of 10 young people who attain qualifications at Scottish Credit & Qualifications Framework (SCQF) level 3 or below become unemployed upon leaving school. Source: Summary Statistics for Attainment, Leaver Destination & Healthy Living No 3 – Follow Up Destinations, 2011/12, Scottish Government

Higher National Certificate in S5 and S6 alongside academic subjects. Other qualifications with labour market currency should also be included in the range of vocational qualifications offered.

- Within the senior phase, young people should also have the option to commence training and education which is relevant and contributes to Modern Apprenticeship frameworks and helps prepare meaningfully for entry into a Modern Apprenticeship including some course credit¹².
- The development of the new Senior Phase Benchmarking Tool¹³ and Scottish Schools Online¹⁴ should make the delivery of vocational qualifications with labour market currency, work experience opportunities and progress into post-school vocational destinations and employment explicit indicators of success for all schools.
- Schools should have senior staff resources dedicated to the co-ordination of vocational education in the senior phase, liaison with colleges, and the promotion of college education and apprenticeships to pupils and parents.

The delivery of our suggested approach would take place between schools and colleges with the latter providing the significant vocational education input. Where new schools are being developed and where well-developed vocational facilities do not already exist nearby, facilities for the delivery of vocational education should be considered. Vocational education could also potentially be delivered in a wider variety of settings including employers' facilities and private training centres in some circumstances.

The divide between senior school and early college in vocational education has always been somewhat arbitrary and, at least partially reducing it, will lead to more young people emerging earlier in life with relevant vocational qualifications, possibly alongside more academic qualifications, to better prepare them for further and higher education, apprenticeships and other training whilst making them more attractive to employers as they move into the labour market.

Young people could also embark on some elements of the Modern Apprenticeship frameworks as part of a wider range of vocational studies before they leave school and thus would be much better prepared for a Modern Apprenticeship. Completing the early non-workplace content of Modern Apprenticeships means the young person leaving school could go straight into the workplace based phase and achieve the relevant credit. We believe this would be particularly attractive to those SMEs who currently don't take on apprentices (see recommendation 20). This approach would also help young people better understand the apprenticeship opportunity alongside other options before they leave school.

¹² These are referred to as Foundation Apprenticeships throughout this document.

¹³ The Senior Phase Benchmarking Tool is being designed to align with Curriculum for Excellence by measuring key aspects of our pupils' performance in schools.

¹⁴ Scottish Schools Online is a publicly available, searchable directory of all schools in Scotland. The website contains data on pupil attainment and other information on each school. The website can be accessed at <http://www.educationscotland.gov.uk/scottishschoolsonline/>

To support this change, the new Senior Phase Benchmarking indicators being introduced should explicitly measure pupil attainment in vocational qualifications with labour market currency alongside more academic qualifications.

The East Lothian Hospitality & Tourism Academy

The East Lothian Hospitality & Tourism Academy is a joint initiative between Edinburgh College, East Lothian Council, Queen Margaret University and a number of leading employers. The Academy aims to provide young people in schools with the educational building blocks and work experience needed to prepare them for the range of employment opportunities in the sector. The pupils visit leading employers to gain work experience, see demonstrations from industry experts and get the opportunity to study both at college and at university while still being able to stay at school.

Those young people who attend the Academy are able to complete an HNC in Hospitality with Edinburgh College over two years while still at school. This HNC will be done alongside their Highers study in S5 and S6. On successful completion, they will be able to progress to year 2 of the Hospitality and Tourism degree at Queen Margaret University.

Due to its initial success, the Academy has received an additional funding from the Scottish Funding Council to support its expansion. This will see up to 1200 young people enter into specialist academy training in their chosen field of employment whilst they are still at school. The collaborative model will be rolled out across more secondary schools in East Lothian, Edinburgh, Midlothian and the Scottish Borders and new academies in Health and Social Care, Food Technologies and the Creative Industries will be developed.

Preparing Young People For The World Of Work

Recommendation 2: A focus on preparing all young people for employment should form a core element of the implementation of Curriculum for Excellence with appropriate resource dedicated to achieve this. In particular local authorities, Skills Development Scotland and employer representative organisations should work together to develop a more comprehensive standard for careers guidance which would reflect the involvement of employers and their role and input.

- By the end of S3 all pupils should have a demonstrable understanding of the process of finding, applying for and successfully getting and sustaining a job. If it supports delivery, consideration should be given to offering the SQA¹⁵ Employability Award from S4 onward.
- Initial teacher training and continuous professional development should include modules which help teachers deliver a broader understanding of employment and enterprise as part of the Curriculum for Excellence Broad General Education and the senior phase.

¹⁵ Scottish Qualifications Authority

- Additionally, programmes should be developed in partnership with industry to provide teachers who will lead our schools in future with a wide ranging understanding of industry and careers.
- Schools should have a dedicated senior resource focused on developing partnership activities with business and industry aimed at providing meaningful work experience opportunities, careers advice and a range activity exposing pupils to enterprise and the world of work in schools. This will be an essential part of the long term partnerships between schools and industry proposed in the section on the Involvement of Employers.
- There is a strong case to provide careers advice and knowledge of the world of work significantly earlier than the present S4 onward. Skills Development Scotland¹⁶, working with schools and local authorities, should aim to provide some early careers advice and world of work knowledge in S1 and S3 prior to the subject choice towards the end of S3.
- Education Scotland's new involvement in evaluating the quality and effectiveness of careers services in our schools and of the implementation of the modernisation programme is very important and progress on this should be a priority¹⁷.

A good understanding of the world of work and employment opportunities available is fundamentally important to all young people, irrespective of the educational and career pathways they choose. This needs to start earlier and be delivered in a way which inspires and excites young people. It must also be sustained and focused throughout young people's education, helping them to manage their careers, develop skills to secure employment and succeed in the workplace.

Teachers have an important role to play – not as a replacement for careers advisors – but in helping young people understand and develop the skills required to successfully prepare for employment. This needs to be covered in teacher training. Skills Development Scotland also has an important role in terms of helping teachers better understand the modern labour market and providing resources and materials to support the delivery of career management skills in schools.

Beyond this an ambitious high-level programme of fellowships for future school leaders, co-designed with industry and sponsored by some of our leading companies could, over time, bring greater knowledge and appreciation of the requirements of the world of work into schools (see recommendation 16).

The need for meaningful and effective career advice is of fundamental importance. It is clearly too early to properly assess the effectiveness of the modernisation of the careers services. This aims to combine the use of My World of Work, the development of Career Management Skills, support and engagement from industry, the development of Skills for

¹⁶ Skills Development Scotland is the national skills body for Scotland.

¹⁷ Education Scotland is the Scottish Government's education improvement and inspection agency.

Work within Curriculum for Excellence, and, over time, helping teachers better understand the world of work.

As this comprehensive new approach moves forward there should be continuous monitoring of the feedback from young people and their parents and a strong focus on how the strengths and interests of the individual can best be employed.

The current model should be adapted to provide careers advice and knowledge of the world of work earlier and we suggest this might be done in S1 and S3 prior to the subject choice and then again in S5. Additionally, close contact must be maintained with parents who can significantly influence career choices.

This should be supported by the development of a standard for careers guidance which reflects the deeper involvement of employers and their role and input. This work should involve local authority education directorates, Skills Development Scotland, and employer representative bodies.

Recommendation 3: A modern standard should be established for the acceptable content and quality of work experience, and guidelines should be made available to employers. This should be developed by Education Scotland in partnership with employer bodies and Skills Development Scotland. This should involve input from young people. Work experience should feature in the Senior Phase Benchmarking Tool and in Education Scotland school inspections.

The current approach to work experience needs to be developed to allow young people to have a richer experience of the workplace. For those young people who have already formed a clear set of career aspirations, a meaningful exposure to the requirements of their chosen field related to their studies will better prepare them for success. For those who are less certain about their future career, a range of experiences will help provide them with a good basis on which to make decisions.

COLLEGES

Scotland's colleges play an important role in helping young people of all backgrounds and abilities develop skills that are vitally important to our economy while exposing them to the more independent and self-reliant environment of college education. They cover a wide spectrum from their distinctive and significant contribution to higher education through the development of higher level applied technical skills to engagement with those young people furthest from the labour market. The option of full-time college education plus the range of options offered by colleges for those in work are critical elements of Scotland's education system.

The regionalisation of Scotland's colleges provides a significant opportunity for the sector to continue to enhance the perception of college education. Larger colleges will be well placed to play a key role in the planning and delivery of education within their regions, in the development of highly valued vocational education pathways starting with school pupils and

leading onto higher education, apprenticeships and employment, and in the development of advanced skills in evolving centres of excellence.

In our Final Report we focus on how colleges can make a wider ranging impact in other parts of the education system and on how the Regional Outcome Agreements¹⁸ should support the transition of students from college into employment.

Regional Outcome Agreements

Recommendation 4: Colleges' key role in the development of Scotland's young workforce should be recognised and managed through Regional Outcome Agreements.

- Colleges must play a key role in significantly enhancing vocational education in the senior school phase through partnership with schools.
- Colleges, which account for almost 1 in 5 young higher education students in Scotland, should, with the increasing need for higher level technical and associate professional skills in the changing labour market, be encouraged to develop this distinctive contribution, including more focus on the STEM subjects.
- A commitment to ongoing quality improvement in the delivery of vocational education should be at the heart of all Regional Outcome Agreements. This should be assessed rigorously by Education Scotland and should be a key performance indicator within Regional Outcome Agreements.
- Regional colleges' contribution to the delivery and development of Modern Apprenticeships and their performance within the programme should be a key element of the overall regional college performance assessment.

As we have outlined in earlier recommendations, colleges can play a vital role in delivering meaningful vocational education to young people in the senior school phase. By doing this consistently across the country, we can set many more young people on pathways to rewarding employment, either directly or through subsequent higher level study, while allowing them to continue to pursue some academic studies. This role needs to be reflected explicitly in Regional Outcome Agreements.

The quality of college provision is critically important to helping young people develop the high level vocational skills they will need to succeed in employment. Attention to improving this on an ongoing basis will help drive up attainment and will improve the status of vocational education in schools and colleges.

Colleges are well placed to contribute to the delivery of high quality Modern Apprenticeships which respond to the evolving needs of Scotland's economy. Their participation in Modern

¹⁸ Regional Outcome Agreements set out what colleges plan to deliver in return for their funding from the Scottish Funding Council.

Apprenticeships should be encouraged and they should compete alongside the best performing private sector training providers.

Focus On Employment

Recommendation 5: The new regional colleges should have a primary focus on employment outcomes and supporting local economic development. This should be underpinned by meaningful and wide ranging partnerships with industry and should be at the forefront of Regional Outcome Agreements and their measurement.

- As Regional Outcome Agreements evolve, a primary focus on employability, employment outcomes and engagement and partnership with industry and economic development services should be brought to the fore in the development of a meaningful and measureable set of performance indicators.
- Using regional and sectoral labour market information and knowledge of developments in the local economy, college provision should demonstrably and increasingly be tailored to meet local and regional labour market demand on an ongoing basis. This should be reflected in Regional Outcome Agreements.
- College provision should be increasingly industry facing with significant elements of work experience and, where that is not practical, work simulation built into all courses.
- Colleges should work with the Community Planning process and regional business and industry to address the short, medium and long term skill requirements.
- Colleges should focus on communicating the value of college education directly with young people, parents, schools and employers through the development of transparent, publicly available accountability frameworks which build on Regional Outcome Agreements.
- Colleges across Scotland should focus on building stronger relationships with business and industry through whose participation in college governance, provision of work experience and careers advice, collaboration in curriculum development, the development of real life business projects for students and the input of industry to teaching, will be critical to success. This should be included in long term partnership agreements between colleges and industry, an issue we will cover in the second half of the Commission's work.
- Colleges, the Funding Council, Skills Development Scotland and providers of employment services should work together to develop student employment search services as part of the standard offer of support to students and employers within the new regions.

Achieving good employment is the primary motivation of college students and improved employment outcomes should be at the heart of college performance success.

Colleges cannot control labour market conditions but there are a number of clear steps they can take to support their students into employment. Better alignment of the college courses with labour market demands, building work experience into courses and greater support for students seeking employment are all important steps in improving the employment prospects of their students.

A greater focus on clearly demonstrating the quality and impact of college provision to young people, parents, employers and their wider communities will improve the understanding of colleges' critical contribution to Scotland's economy and the development of our young workforce.

SCHOOLS AND COLLEGES WORKING IN PARTNERSHIP

Recommendation 6: A commitment to supporting the development of Scotland's young workforce through the enhancement of vocational education pathways should feature prominently in the National Performance Framework, Community Plans and College Regional Outcome Agreements.

The Scottish Government, Local Authorities and Regional College Boards all have a critical role to play on this agenda. By setting a high level strategic commitment to the development of improved vocational pathways starting in the school senior phase, they will empower those working at an operational level to collaborate on key issues such as coordinating activity, aligning timetables, resource allocation and the delivery of effective vocational pathways for their area and region. The current review of the college funding methodology will make an important contribution to this work.

This work should be informed by local, regional and national economic development activity, regional and national skills assessments, and significant input from industry. This in turn should form the basis of decisions on who addresses what and where. Above all, joint planning of vocational pathways needs to deliver the flexibility required to meet the needs of young people and employers.

There will be additional costs in the transition phase of moving to the delivery of meaningful vocational opportunities in schools working in partnership with colleges. This will occur as the changes are introduced and school-based learners participate earlier on the NC and HNC programmes in the first three years. The college throughput in this transitional period will increase accordingly. This will disappear after the three year transition period when there should be potential for reducing existing costs in the senior phase at school or at least allocating resources to other outcomes.

There could be some additional college costs for a good news reason. It's likely with the vocational pathway beginning in fourth year of school, significantly more young people will attain NC and HNC qualifications resulting in more demand from young people for HND courses. All of this would enrich Scotland's young workforce.

The Scottish Government, local authorities and regional college boards should work together to reach an early agreement on the resourcing of transitional costs. If the increase in vocational qualifications and educational attainment results in better outcomes for the students, these costs will be fully justified in terms of increased productivity and reduced costs relating to unemployment and its consequences¹⁹.

MODERN APPRENTICESHIPS

Modern Apprenticeships are unique within the education system. They are built on a relationship between the employer and the employee and provide the basis for skills to be handed down through the generations. Essentially they are a vehicle for workforce development.

The number of Modern Apprenticeships has grown in recent years across a wide range of trades and sectors with many young people choosing to move into employment and continue their education. Now that it has been established that a higher number of employed apprenticeships can be sustained, Modern Apprenticeships in Scotland are at an important stage in their development.

Alignment with the opportunities of economic growth, the creation of progression routes, quality improvement and increasing the number of employers offering Modern Apprenticeships are all key elements to their further development. It is also important that industry take a broader role in the development, promotion and leadership of Modern Apprenticeships.

Alignment with Economic Growth

Recommendation 7: Modern Apprenticeships should be aligned with the skills required to support economic growth.

- Skills Development Scotland should lead a targeted marketing campaign toward employers in those sectors of the economy which offer the best long term prospects for young people and with a particular focus on STEM opportunities. This should include SMEs and be co-ordinated in partnership with training providers, colleges, sector skills councils, local authorities, the enterprise agencies and other stakeholders.
- Information from the emerging skills planning system, underpinned by robust industry-led Skills Investment Plans and Regional Skills Assessments, should increasingly and transparently be used to inform the allocation of Modern Apprenticeship opportunities across the economy.

¹⁹ Estimates in 2012 suggested that the average annual cost in benefits of a young unemployed person (18-24) is £5,661.51. Based on this, moving 100 of these young jobseekers into employment would save over £500,000 a year in benefit spend.

Through Modern Apprenticeships, the Scottish Government is investing directly in the workforce in partnership with employers themselves. To date the growth has been across the labour market at a range of job levels with only limited specific focus on the key sectors identified within the Scottish Government Economic Strategy.

Now is the time to more actively target Modern Apprenticeships towards supporting economic growth and areas of the labour market where the long term prospects of young apprentices are greatest.

Access and Higher Level Opportunities

Recommendation 8: Development of Modern Apprenticeship access processes and progression pathways should be prioritised.

- A national online Modern Apprenticeship application service should be developed in which all employers and prospective apprentices should have the option of participating.
- Skills Development Scotland should actively work with and challenge employers to develop new models to deliver higher level Modern Apprenticeships up to and including degree level on a more significant scale across the economy.
- To help young people and employers better understand and navigate Modern Apprenticeships, different levels should be clearly branded while continuing to be operated and regulated as part of the single programme.

There has been consistent concern about the difficulty many young people face in accessing a Modern Apprenticeship. It shouldn't be difficult to set up a relevant service to aid young people seeking an apprenticeship and to help employers looking to recruit. Indeed, the third sector organisation Apprenticeships in Scotland, led by young people themselves, already provides a template for such a service.

At the basic level, the apprenticeship should provide young people with meaningful work based skills training, but there should also be opportunities for progressing to higher levels²⁰. For example, within Engineering, demand for higher level skills developed in the workplace is growing and there's clear progress from the trades/crafts apprentice to the technician to the professional engineer. Similarly, apprenticeships are now being offered to develop associate and technical skills in accountancy and are likely in the legal profession with young people trained to graduate level professional standards.

In future there should be more focus on Modern Apprenticeships at level 3 and above, with more higher level frameworks being encouraged in line with the move toward demand for higher skills across the economy. Opening out more progression routes beyond level 3 will

²⁰ Returns from qualifications increase significantly at SVQ levels 4 and 5 compared to lower levels. Source: The Labour Market Effects of Qualifications, Walker and Zhu (2007).

make Modern Apprenticeships more attractive to a wider group of young people while providing a wider range of models to employers seeking to build their future workforce. Skills Development Scotland, employers, their representatives, professional bodies, sector skills councils, training providers, colleges, universities and the Scottish Funding Council should work together to develop innovative approaches to deliver new higher level apprenticeship options.

The term Modern Apprenticeships is still applied across the wide variety of different in-work training programmes and there is a case to introduce branding to help young people and employers differentiate between different apprenticeship levels. Thus rebranding the present levels 2, 3, 4 and 5 apprenticeships should be considered in partnership with industry, with industry's needs to the fore.

In the same way as we believe there is a need for Scotland to rethink and recognise the huge value of vocational education there's also a strong case for a rethink on the status and value of apprenticeships. Introducing clearly understood and rewarding progression routes to levels equivalent to higher education qualifications should help.

Professional Services Higher Apprenticeships

PWC has led a group of 40 employers in the professional services sector to design the content of the new Professional Services Higher Apprenticeship. This is now available for employers to use, creating a new, industry recognised and structured route to careers in the audit, tax and consulting occupations. PWC and its partners have also developed a follow-on Apprenticeship that will provide routes to chartered professional status in accounting, audit and tax.

Engineers of the Future

Engineers of the Future is a bespoke five-year company-sponsored programme aimed at talented students interested in a career in Mechanical, Chemical or Electrical and Electronic Engineering.

It offers the unique opportunity to combine vocational training and an MEng degree with hands-on industrial experience. Throughout the programme students are sponsored by one of the companies involved in the programme. This arrangement ensures that all costs are covered and that the students receive a salary while studying.

Initially, students complete a Modern Apprenticeship in Engineering and a Higher National Diploma at one of the college partners with the correct material for progression to university study. In the third year of the programme students progress to study at Heriot-Watt University until the completion of the MEng after the fifth year. The vacation periods contain work placements at the sponsoring company and the integrated projects within the MEng are specific to the sponsoring company and may be undertaken either on-site or on-campus.

Participating institutions include Forth Valley College and Heriot Watt University.

Quality Improvement

Recommendation 9: An industry-led quality improvement regime should be introduced to oversee the development and promotion of Modern Apprenticeships.

- A Scottish Modern Apprenticeship Supervisory Board should oversee the detailed strategic development and promotion of Modern Apprenticeships in Scotland.
- The Modern Apprenticeship Group which approves frameworks should report to the Supervisory Board.
- Education Scotland's remit should be extended to include inspection and quality improvement of the delivery of Modern Apprenticeships.

At present much of the detailed development of Modern Apprenticeships lies in the hands of funding and delivery bodies. While Ministers should continue to set the high level parameters of the Modern Apprenticeship programme and Skills Development Scotland should continue to lead on procurement, there is a need to bring much more industry leadership and involvement to the strategic and detailed development of the programme and to its promotion to industry.

A supervisory board drawing its membership from senior business leaders, the trade unions, Skills Development Scotland and the Scottish Qualifications Authority²¹ should be tasked with this role. The board should collaborate with Industry Leadership Groups, the Joint Skills Committee of the Funding Council and Skills Development Scotland and others to ensure that the development of Modern Apprenticeships is in line with wider economic and educational requirements. The new board should also look at how the process of setting up Modern Apprenticeship frameworks can be speeded up and made more flexible without impacting on quality. Finally board members should act as ambassadors for Modern Apprenticeships.

Delivery of Modern Apprenticeships does not currently feature a formal external quality assurance and improvement process. This is at odds with the rest of the education system and thus the proposal that this should be included in the Education Scotland remit. Clearly work-based learning is very different from education in schools and colleges and the inspection and quality improvement model should take account of this.

Growth

Recommendation 10: If employers can be encouraged to offer significantly more good quality apprenticeships, the Scottish Government should consider a carefully managed expansion of the annual number of Modern Apprenticeship starts.

²¹ The Scottish Qualifications Authority is the national qualifications agency for Scotland.

If adopted, we believe our recommendations could increase demand for Modern Apprentices among employers and would further enhance the value of the apprenticeship route in the eyes of our young people and their parents. Within the current target, the steps we recommend would further increase the overall value and status of Modern Apprenticeships in the short to medium term.

In the longer term we can see potential for further growth. Clearly this would require additional funding, and growth would need to be carefully planned to protect the quality of Modern Apprenticeships. It will also be important to take steps to minimise the bureaucratic burden on employers and training providers.

Any future growth should be focused at higher levels (level 3 and above). Furthermore, while we see value in adult apprenticeships in a range of contexts, we would suggest that any future growth is focused on 16-24 year olds where the long term returns are likely to be greatest.

While we have focused on Modern Apprenticeships in line with our terms of reference, other work-based learning and training options are also important and should be encouraged.

QUALITY ASSURANCE

Recommendation 11: Employability must be a key focus within Education Scotland's work to support and quality assure the delivery of education. To support this, Education Scotland must work more closely with business organisations and their members to ensure that their work is underpinned by an understanding of industry's needs and expectations.

In support of our recommendations, Education Scotland has a key role to play. It is critically important that the education inspection, review and quality improvement regime takes account of the needs of industry. In moving forward, Education Scotland must be significantly informed by a good understanding of the demands of the modern labour market in providing its comprehensive national overview of strengths and areas for improvement in Scottish education.

As the changes we recommend are implemented, it will also be important that Education Scotland shares good practice in the areas we have highlighted between schools and colleges across the country.

SCIENCE, TECHNOLOGY, ENGINEERING AND MATHS

While it is difficult to accurately predict the future direction of the economy and the labour market, we can be confident that higher level skills and knowledge of science, technology, engineering and maths (STEM) will be increasingly important in the years ahead. This is already happening within industries which rely on expertise and proficiency in the STEM subjects, but will occur across the whole labour market and certainly in the key economic sectors identified as having the greatest growth potential in the Scottish Government Economic Strategy.

Recommendation 12: A focus on STEM should sit at the heart of the development of Scotland's Young Workforce.

- Within their strategic partnerships, each local authority and college regional board should make STEM a priority within their plans to develop vocational pathways.
- The Scottish Government, working with the proposed new Apprenticeship Supervisory Board, should ring-fence a proportion of all Modern Apprenticeship starts for STEM frameworks. This proportion should be significant and should be above the current level. These STEM apprenticeships should be actively promoted to employers and young people.
- Consideration should be given to providing meaningful incentives to encourage young people and employers to engage in STEM Modern Apprenticeships and STEM vocational qualifications. Ringfencing a proportion of modern apprenticeship places and encouraging a greater focus on STEM within colleges could help this.

Tangible steps to improving the popularity of STEM education are only achieving limited success. While there is often strong support to encourage more young people into STEM related subjects and jobs, a co-ordinated and sustained effort across all parts of the vocational education system will be required to impact significant change.

MORE CHOICES MORE CHANCES

Young people who are at risk of disengaging from education at an early age or who have already done so are supported through the third sector, community learning and youth organisations, businesses, colleges, training providers and local authorities. This area has been the focus of work in the past by The Smith Group and others.

Throughout this report, our recommendations are focused on providing attractive and meaningful pathways for all young people toward and into employment. We believe that those at greatest risk of disengagement should be no different.

Recommendation 13: Support for young people at risk of disengaging from education and for those who have already done so should focus on early intervention and wide ranging, sustained support. This should relate to labour market demand and should be focused on helping young people engage on the labour market relevant pathways that we have highlighted.

- As part of Opportunities for All pre-employment training must focus on supporting young people along pathways which will help them compete in the labour market.
- As part of Opportunities for All, Skills Development Scotland should work with colleges and other training providers to develop a meaningful national Access to Apprenticeships programme for young people who are not in education or employment. The volume of places on this programme should be linked to

anticipated employer demand for apprentices with guaranteed interviews for successful participants.

- Building on existing good practice, local authorities should adapt the activity agreement approach for those aged under 16 who have disengaged from education or at high risk of doing so. This should focus on re-engagement with mainstream pathways.

In many cases structured mechanisms such as Activity Agreements underpin work to support those young people who have disengaged from education. Activity agreements see young people aged 16-18 who have left school signing up to an individualised learning plan aimed at helping them re-engage with post 16 education and moving toward and into work.

This approach has an impressive success rate. However some young people at risk of disengaging before the age of 16, such as Christmas leavers, might benefit from an earlier intervention of this nature.

Enhanced Vocational Inclusion Programme

Glasgow Kelvin College, West College Scotland and Glasgow Clyde College work with Glasgow City Council's Education Service to deliver the Enhanced Vocational Inclusion Programme (EVIP) for vulnerable young people who are at risk of disengaging from mainstream education.

Almost all of the young people attending EVIP programmes are looked after or are young carers. They are supported by a combination of college tutors and vocational coaches (employed by Glasgow City Council Education Services). This enables them to gain vocational qualifications as well as to be supported in their personal development.

More recently, some of the programmes have included an option to undertake Standard Grade English (delivered in college, but by Glasgow City Council teaching staff). In 2012/13 over 80% of the young people presented for Standard Grade English were successful. The programmes have a strong focus on vocational skills and skills for employability and the majority of young people undertaking them progress to college, training or apprenticeships.

The programme began solely as a full-time "vocational alternative" to an S4 Standard Grade programme. Over recent years it has developed to include part-time S3 options as well as S5 programmes for winter leavers.

UPDATE ON EDUCATION AND TRAINING

Introduction

We were very gratified at the level of extremely helpful and constructive feedback we have received to our Interim Report. This section evolves and modifies some of the key ideas and proposals, but the submissions have not caused us to change any of the fundamental recommendations and sub-recommendations.

Positive Response & Implementation Plans

The Commission were also very gratified at the positive response received from all sectors and from Scottish Government and COSLA and it's particularly exciting that Scottish Government and Local Authorities are already well underway to plan the implementation of some of the key recommendations.

A key early action area is the implementation planning for the senior phase vocational pathways. Local authorities and colleges across Scotland, supported by the Scottish Funding Council, are working together to map out how young people in the senior phase can move onto NC and HNC courses, and equivalent, as well as providing the opportunity to do the first year of a 3 and 4 year apprenticeship through the new Foundation Apprenticeship, as part of their studies in S4-S6.

We welcome the work going on within the Scottish Government and Skills Development Scotland to consider how higher level Modern Apprenticeships can be developed over a wider range of occupations and professions in Scotland. This must of course be developed in partnership with employers. We believe this will significantly enhance the appeal of Modern Apprenticeships to young people and employers alike and would hope to see this become a mainstream element of the implementation programme.

Finally, Skills Development Scotland has been considering how it might adapt its careers information, advice and guidance model to support pupils as they make their subject choices. Improving this is vital, and we expect our recommendations on employer engagement with schools will add an important additional element to the whole area of supporting young people to make well-informed subject and career choices.

Update on some of the key recommendations in the Interim Report

The comments in this section come partly from feedback to the Interim Report, and from meetings with the Scottish Government, COSLA and further meetings with the key stakeholders.

- (a) We were particularly pleased at the strong, wide ranging support for our comments on the importance of enhancing the esteem of vocational education and careers in Scotland. We would like to see the Scottish Government adopting a five-year plan to take steps to communicate the value of vocational education and subsequent careers to

achieve their rightful status. We believe the school/college vocational partnerships, including the introduction of a Foundation Apprenticeship option, will make a good starting contribution here as will the enhanced regional status of colleges and their focus on output.

We would strongly propose a campaign to enhance the esteem of vocational education, focused on parents, pupils and teachers, explaining the school/college vocational partnership programmes and the increased choice this provides. The campaign should highlight the opportunities from vocational education in terms of significant career opportunities and we would hope this would be strongly supported by business and industry.

- (b) It's very important that the funding for the school college vocational partnerships is long-term and is drawn from mainstream budgets as it will clearly significantly increase the choices available to young people. It's also important that sufficient funds are made available up front to ensure a successful introduction and implementation of the change. Within this, consideration should be given to the specific challenges of establishing the new approach in remote and island communities.
- (c) Our Interim Report emphasises that the Commission does not favour separate academic and vocational streams. Young people should be able to participate in both in line with their career aspirations. This is clearly supported in the responses to our Interim Report with many comments that young people planning to pursue a university pathway would also benefit from and make use of vocational options in the senior phase, and likewise those pupils mainly pursuing vocational options should be able to gain one or two Highers.
- (d) It will be important to set targets for the number of young people emerging from this new partnership with qualifications, such as NC's, HNC's, Foundation Apprenticeships and others. These should be measured through the Senior Phase Benchmarking Tool, the College Regional Outcome Agreements and other relevant performance management systems.
- (e) There was some feedback on the importance of emphasising enterprise and creativity across education and in the development of the senior phase vocational education programmes. This should include modules on enterprise and business development and the potential of starting up your own business within senior phase vocational pathways, which should also have innovation and creativity content built in.
- (f) A key measure in school output is positive destinations. The principle is absolutely right, but care must be taken on the quality of what is accepted as a positive destination. Education leading to a qualification and employment are the best measures of successful transition from school. Short term destinations, not linked to progression into the labour market, should not be included. Our recommendations to widen senior phase options should contribute to more positive destinations among young people including those at risk of disengaging early from education.

- (g) Our Interim Report recommended that initial teacher education should include some content on employability, careers and an understanding of the world of work. We understand this may require to be done in the teacher's induction year and this could get support from the school-business partnerships we're recommending in the Final Report.

Likewise, experienced teachers must have the opportunity to access continuous professional development (CPD) opportunities which include exposure to employability, careers advice and an understanding of the world of work. The new Professional Update process will hopefully ensure teachers have sufficient time and opportunity to widen their skills and experience in these areas. School-business partnerships can help here. Education Scotland should assess the effectiveness of the new Professional Update process.

- (h) SDS is working hard to get full benefit from their My World of Work online careers system. This hasn't yet gained full momentum and confidence in all schools, but will be an important component of the careers programme alongside face to face support from a careers guidance professional. The school-business partnerships outlined in this Final Report should provide significant opportunities to greatly enhance careers exposure through work experience, visits to schools by young employees, projects linked to the curriculum (including the STEM curriculum), mentoring and coaching, support in understanding modern recruitment processes, site visits and support in the delivery of enterprise education.

This should be supported by the development of a more comprehensive standard for careers guidance which would include involvement of employers and their role and input. Recommendation 2 has now therefore been revised.

Recommendation 2: A focus on preparing all young people for employment should form a core element of the implementation of Curriculum for Excellence with appropriate resource dedicated to achieve this. In particular local authorities, Skills Development Scotland and employer representative organisations should work together to develop a more comprehensive standard for careers guidance which would reflect the involvement of employers and their role and input.

We are now more strongly of the view that careers information should be provided in primary school along with some introduction to the world of work. This has been a consistent message among many who have responded to the publication of the Interim Report. We think employers should be in a strong position to support this work.

- (i) The young people we have spoken to and many employers have emphasised the importance of work experience. Many feel that the current approach is formulaic and does not provide a strong experience. We believe this is critically important and we'd like to add a further recommendation to our Interim Report.

Recommendation 3: A modern standard should be established for the acceptable content and quality of work experience, and guidelines should be made available to employers. This should be developed by Education Scotland in partnership with

employer bodies and Skills Development Scotland. This should involve input from young people. Work experience should feature in the Senior Phase Benchmarking Tool and in Education Scotland school inspections.

- (j) The feedback included various comments on the importance of encouraging more young people into STEM subjects and the need for an increase in STEM activities in university and colleges. In those cases where an improved approach to STEM education has been introduced into primary schools, this has had a marked positive impact on the take up and performance of STEM subjects in secondary school. For example there's an interesting project in Aberdeen which enables primary teachers to have a week-long summer school for primary teachers focused on STEM subjects.

Modern workforce skills are definitely more focused on STEM skills and further work needs to be done on how we can encourage more young people into STEM subjects in school. In what is a fairly crowded landscape, it will be important moving forward to focus on approaches which have the greatest impact.

- (k) The development of the Senior Phase Benchmarking Tool is an important one which will help and encourage schools to widen the range of options available to pupils in the senior phase. It's very important that the desired progress is measured from the start and therefore the new Benchmarking Tool should measure vocational achievements and outcomes on an equal footing with academic qualifications. It's also very important that it measures work experience and the quality of careers service in schools.
- (l) In the period since we began our work, we have observed the restructured colleges re-energising and re-inventing themselves positively with the focus on migrating up the technology skills ladder and on the employability of their students. There is no doubt the establishment of the larger colleges on a regional basis and some good progressive leadership at Chair and Principal level are having a positive impact on the resources, innovation and enterprise that colleges will be able to apply in a range of ways to play their full role in developing Scotland's young workforce.

We don't believe colleges should aspire to be 2016 Universities. We believe their focus should be heavily on their distinctive roles in developing modern skills and Scotland's future vocational education and training approach, including apprenticeships.

Based on the vital importance of colleges maximising their potential collaboration with business and industry, we believe there's a case for more business and industry appointments on the college boards as part of a more active relationship between colleges and industry.

We also believe in some colleges there's still not enough focus on work based experience and this must be a priority action.

- (m) It is important that further funds have been made available to increase the number of Modern Apprenticeships at Level 3 and above. This and the development of the Foundation Apprenticeships as a school senior phase pathway will result in significantly

more apprentices. We highlight the importance of this, particularly to smaller employers, in our Final Report alongside the importance of finding more employers prepared to offer good quality Modern Apprenticeships.

- (n) We have placed significant emphasis on the importance of Education Scotland's role moving forward. If anything we extend this in our Final Report. We have already said that this organisation needs to work more closely with industry to build a better understanding of the needs of the modern labour market into its work. This might be strengthened further by a number of secondments from industry and other possible sources to help accelerate this process.
- (o) A number of other Scottish Government agencies will also be key to the implementation of the recommendations from the Interim Report and to a number of the recommendations contained in our Final Report. These include Skills Development Scotland, Scottish Enterprise and Highlands and Islands Enterprise²², and the Scottish Qualifications Authority. The breadth and nature of the changes we recommend mean that no single organisation could have lead responsibility for their successful implementation. Instead this will require collaboration across agencies, central and local government and beyond. We would encourage all who need to make a contribution to do so in a spirit of collaboration and common purpose.

²² Scottish Enterprise and Highlands and Islands Enterprise are the Scottish Government's enterprise agencies.

INVOLVEMENT OF EMPLOYERS

INVOLVEMENT OF EMPLOYERS

Employers have lost the habit of employing young people. Only 29 per cent of businesses in Scotland recruit young people directly from education, only 30% of Scottish businesses have any meaningful contact with schools, only 27 per cent offer work experience placements and only 13% take on apprentices.

We currently have 53,000 young people unemployed and a youth unemployment rate more than double the adult rate. The priority is to encourage more companies to employ young people in their workforce and to engage with schools and colleges to ensure that young people are developing the skills, knowledge and attitude that they need.

The ambition is for more employers to move from being passive to active consumers of education, with both education and industry allocating more resource to work together to educate and prepare young people for entry into the workforce. Throughout our discussions with employers there has been strong support to become engaged and do more – their main barrier is how to navigate through the education system successfully. Employers from public, private and third sectors, social enterprises and the university and college sectors all have a role to play. Those that understand the need to train and develop their workforce of the future and recognise they have employment and skills gaps would be the priority targets for early engagement.

We are recommending the creation of employer led Regional Invest in Youth Groups (see Recommendation 14 below) that will build bridges between industry and education, play a pivotal role in transforming the approach to education and industry collaboration, and encourage companies to get back into the habit of employing young people. Supported by a national leadership group and a sustained communication campaign, the Invest in Youth groups should be resourced to facilitate and support business and education to form meaningful partnerships and be able to demonstrate meaningful impact.

We believe a Scotland wide Invest in Youth approach will be enhanced with an Invest in Youth accolade awarded to companies which have a clear Invest in Youth policy and are actively engaged in education-business partnerships, and recruit and train young people.

Benefits to Employers

Employers are in a unique position to help give young people the inspiration, knowledge, skills, and motivation they need to transition successfully from education to the workplace.

There are clear benefits to employers from engaging with young people at school and college. It helps raise their business and client profile and provides them with early access to (and opportunity to assess) a pipeline of future talent. This means recruitment becomes easier and is more time and cost effective. Employers are also getting access to the innovation and creativity of youth.

Publicly recognised involvement with education will also enhance an employer's reputation in the eyes of the community and customers, and improve engagement with their current

staff, particularly those who are parents. Participation in school and college partnerships will provide existing employees with new development opportunities resulting in increased motivation and staff retention.

Benefits mentioned by employers from their links with education and employing more young people include;

- The opportunity to influence the discussion on matching the development of skills to the needs of their company;
- Improving workforce diversity, flow and staff retention;
- Helping to “future-proof” their business – bring in new ideas and new skills;
- Influencing schools to understand and embrace the world of work to produce better recruits and help employers understand what young people can offer;
- Opportunities to identify future recruits;
- Bringing adaptable and flexible young people into the workforce; and
- Greater cost-effectiveness due to lower recruitment costs and wages.

ACE Winches

ACE Winches is a global leader in the design, manufacture and hire of winches, marine deck machinery and the provision of associated hire personnel for the offshore oil and gas, marine and renewable energy sectors. Based in Turriff, the company has grown its workforce from 80 to 400 since 2008. Within that, 20 per cent of the workforce is in training including 60 Modern Apprentices and 15 graduate engineers.

The company’s motivation for its investment in training young recruits is strongly linked to its business growth and development. With an aging workforce in the sector and the search for qualified and experienced professionals hindering companies worldwide, developing and investing in a pipeline of talent coming into the company is a business imperative.

ACE Winches starts that process through direct engagement with primary schools where they support engineering challenges and organise site visits for pupils. In partnership with 17 secondary schools they offer work experience, Saturday jobs and CV and interviewing and coaching sessions as well as contributing to the curriculum, again through engineering challenges as well as marketing projects. The company also offers work placements for college and university students.

Beyond its own employment of Modern Apprentices, the company also makes the recruitment of Modern Apprentices a feature of its approach to procurement. For example, when building its new Towie Barclay Works campus, ACE Winches actively sourced contractors employing apprentices.

There is definite evidence that employees like working in companies with young people and are happy to be active in the creation of opportunities for young people and in their training. In the workplaces where they are active, Trade Unions, with their union learning representatives, can play a particularly helpful role in this.

Creative & Digital Media Modern Apprenticeships

The National Union of Journalists led the creation of a new Digital Journalism pathway within the Creative & Digital Media Modern Apprenticeship Framework.

Through consultation directly with employers to ascertain their skills needs, the NUJ identified that the Modern Apprenticeship programme would be the ideal way for employers to bring new workers into the industry and to ensure that they have the skills and training required for the job. The NUJ worked with SDS, the SQA and Creative Skillset to have digital journalism included as a new pathway in the Framework.

Due to the NUJ's experience in organising and delivering media skills based learning, it has a strong understanding of the needs of employers and, subsequently, the skills requirements of employees. If not for the leadership of the NUJ, this new pathway would not exist.

The first intake of Modern Apprentices in digital journalism commences at Forth Valley College in Stirling in June 2014, with apprentices attending college on a day release basis. Forth Valley College, the learning provider, also proposes to commence a second intake of apprentices in January 2015. The apprentices will come from a variety of Scottish media employers. On completion, the apprentice will achieve a Diploma in Creative and Digital Media (SCQF level 7).

Benefits to Education and Young People

The benefits of engagement with industry across all study phases include access to up to date information about job and career opportunities in local industries, help in developing industry relevant curriculum content and access to additional resources - company employees, project materials, company visits and work placements. These will help young people understand the relevance of their studies and give them increased confidence in their career choices with increased motivation and improved attainment.

Schools and colleges engaging with employers will also enhance their education offering, with young people able to develop new and relevant skills, gain quality workplace experience, access to a wider network of potential employers and provide much better knowledge, understanding and insight into careers and career paths and the world of work. This will provide a smoother transition from education into sustained employment. Employers are also of course in a good position to support enterprise and entrepreneurship education, which will be an increasingly important option for many young people.

Working with employers also provides schools and colleges with the opportunity to access support to develop their own staff.

EMPLOYER ENGAGEMENT WITH SCHOOLS AND COLLEGES

Employers say they are willing to become more involved with education, but many profess they do not know how, see it as too complex, get frustrated and in the end remain inactive. Thus, while employers are the key potential beneficiaries of a successful education system, most do not see a clear role for themselves in developing and delivering what is their most important resource.

This is not the case with vocational education and youth employment in the most successful European countries. Germany, Switzerland and the Netherlands, among others, have a culture of deep industry engagement with education, which is underpinned by a business led support infrastructure to support and organise that engagement.

We need to encourage those exemplar employers and industry leaders already active and engaged with schools and colleges and in recruiting, employing and training young people in their business, to inspire their peers and to challenge others to engage and stimulate demand for young people and support the implementation of our recommendations.

Regional Invest in Youth Groups

Recommendation 14: The Scottish Government should support the creation of regional industry-led Invest in Youth groups across Scotland to provide leadership and a single point of contact and support to facilitate engagement between employers and education.

Scotland has a diverse labour market with significantly different supply and demand trends across different regions. For example, what works in the predominantly rural regions wouldn't work in the big cities, while regions like Aberdeen and Aberdeenshire experience very different labour market conditions with a very buoyant oil and gas sector.

Our recommendation is that Regional Invest in Youth groups should be identified, or where necessary set up across Scotland, led by the private sector working with employers, Local Authority Directors of Education and the principal education and economic development interests in the region. The Regional Groups will lead and drive the change in employer's engagement with schools and colleges and challenge and support employers to recruit more young people into their workforce.

The Regional Invest In Youth Groups would be expected to focus on the following as a minimum:

- Promote and facilitate the formation of long term partnerships between individual schools, colleges and employers, providing supporting proforma documentation for the creation of the partnerships;
- Facilitate employers' input to activity such as career advice, enterprise education and job search skills in schools;

- Enhance and improve the provision of careers information through knowledge sharing and co-ordination of industry placements for teachers and career professionals;
- Co-ordinate employer participation in the design and delivery of accredited good quality work experience and work placement for young people;
- Support SMEs to build capacity to recruit and train young people;
- Promote local campaigns to encourage companies to have an Invest in Youth Policy and to employ more young people;
- Present the business case benefits of employing young people to employers in the region and support plans to increase the recruitment of Modern Apprentices;
- Encourage large businesses to work with their supply chain to promote employment of more young people;
- Promote the Investors in Youth accolade to recognise significant engagement by employers in developing a youth strategy, engaging with schools and colleges and employing more young people. Support the introduction of an equivalent award to be developed for schools and colleges;
- Appoint IY Ambassadors - individuals from within the regional community that currently are leading best practice and will provide peer support to employers and schools; and
- Raise awareness of equalities issues in the training and recruitment of young people.

Each group should draw its board members from the region's employer and education communities and support from national organisations including SDS, the enterprise agencies, DWP²³, Trade Unions and Trade Associations.

A small multi-skilled executive team will carry out day to day activity. This could include secondees from the public and private sectors who will work with and be led by a small team of specialists appointed by the Regional Invest In Youth Group. Colleges, HR professionals and training providers, already experienced in bringing employers into the education and training system, could also make a significant contribution. On the education side, key individuals should be identified to work with the Regional Groups as outlined in recommendation 2.

The Regional Groups should not seek to replicate or duplicate local strengths and should make full use of available relevant services.

The Groups should be provided with an operating framework that would outline steps to establish the group, the remit of the group, composition, organisational structure, governance and accountability.

Government funding should be awarded to set the groups up and pay for the core executive team. It would seem reasonable to provide funding initially for three years by which time it

²³ Department for Work and Pensions

is hoped the foundations would be in place in the business and education communities to achieve long-term self-sustaining engagement. This should be a clearly defined objective for each Group at the outset. Government can judge long term sustainability at the time. It may also be possible to draw in European funding to support the groups.

The formation of each group should be specific to the region and ideally should be a group currently established and involved in related activity. The regions must be identified pragmatically taking account of local authority areas, college regions and already existing Regional Groups who have strong potential to deliver the services. We envisage 15-20 groups across Scotland

A small national leadership group should be formed to work with the chairs of the Regional Groups, and oversee the implementation of this recommendation. With a small executive it should set the national framework and guidelines for the Invest in Youth Regional Groups and for the industry partnerships with schools and colleges. It should meet regularly with the chairs of the Regional Groups to co-ordinate activity, ensure consistency and share best practice.

Glasgow Chamber of Commerce/Glasgow Youth Employment Advisory Group

Glasgow Chamber of Commerce facilitated the establishment of the Glasgow Youth Employment Advisory Group in 2013. The group comprising 15 of the biggest employers in the region published a report early in 2014 which contained 15 recommendations aimed at transforming the current picture in which too few young people get work and too often employers miss out on an important source of employees.

Among the recommendations of the group is the joint development between Glasgow City Council and Glasgow Chamber of Commerce of a framework for business involvement in schools. Before the group had concluded its wider discussions work began on identifying at least one business sponsor for each of the secondary schools in the city.

There is also significant common ground between the Group's other recommendations and a number of those of the Commission.

Business and Industry Partnerships with Schools

Recommendation 15: Businesses across Scotland should be encouraged and supported to enter into 3-5 year partnerships with secondary schools. Every secondary school in Scotland and its feeder primaries should be supported by at least one business in a long-term partnership.

It is important to recognise that a one-size fits all approach won't work for all schools and all employers. To be successful, we believe this has to be a committed, long term in depth partnership involving a lead employer, possibly with other employers engaging to provide opportunities and resources to widen the range of support available.

Typically, the lead partner would commit to working with a secondary school and its feeder primary schools over a 3-5 year period. The objectives of all partners from the relationship should be agreed at the outset with activities and targets agreed through the development of a joint business plan. The proposed Regional Invest In Youth Groups should support with the provision of proforma objectives, possible list of activities and targets and an outline business plan.

The range of inputs from the employer side might include support to pupils on subject choice, mentoring, support for lessons on the world of work and enterprise, teaching materials and other equipment, work experience opportunities, visits by young employees to schools to share their experience, company visits for pupils to partner companies and their supply chain, and similar opportunities for teachers to experience industry.

On the school side, the inputs might include communication in the local community of the partner employer's contribution to the school, liaison with feeder primary schools, considerate timetabling to enable employers to make a meaningful contribution and development opportunities for employers' staff.

In our Interim Report, we recommended that all secondary schools should have a nominated senior staff member to lead engagement with employers. This needs to be matched by an identified resource on the employer side to develop and deliver these relationships.

National guidance should be available to the Regional IY Group to assist with the formation of school-business partnerships. This should be developed jointly by; Education Scotland, employer bodies and members of the Regional Groups. Directors of Education will have an important co-ordinating role on the school side.

It will be important throughout the development and implementation of partnerships that parents, pupils and participating companies' employees are provided the opportunity to participate and contribute.

It is strongly recommended that Education Scotland appraise the school performance on business relationships and quality of work experience as well as the quality of careers advice.

Craigroyston Community High

Craigroyston Community High School in Edinburgh is in partnership with a number of employers in the city including Lothian Transport and Selex. Core activity includes offering work experience opportunities, pupil projects and mentoring support. Partner employers also form a key group within the school's curriculum planning and development activity.

Beyond this, employers provide school staff with an insight into the city's labour market demands and the needs and expectations of modern day employers. All significant changes to the curriculum are referred to the employer group for consideration and advice. The school is working to develop its senior phase with vocational options to better prepare pupils for moving into work. Partner employers will play an important role in this work.

Recommendation 16: Scotland's leading industry sector groups and companies should be encouraged to work with the Scottish College for Educational Leadership²⁴ to develop a programme to provide emerging school staff leaders with a wide ranging understanding of industry and careers.

Within recommendation 2 we have called for programmes specifically to support a greater understanding of industry and careers for emerging school leaders. A number of our leading companies would be well placed to make a significant contribution in this area in partnership with the new Scottish College for Educational Leadership.

This would involve an emerging leader from a school within each local authority area engaging in a range of activities to enhance their understanding of industry within a wider programme of school leadership development activity.

Business and Industry Partnerships with Colleges

Recommendation 17: Employers and national industry sector groups should form partnerships with regional colleges to ensure course content is industry relevant and full advantage is taken of work based learning and employment opportunities.

A number of colleges have excellent existing relationships with businesses in their community, and the launch of the new regional colleges provides further opportunity to expand and develop these links and support the sharing of best practice. Key elements of industry's strategic collaboration with colleges going forward include:

- Committed long term relationships to develop a clear understanding of employers' needs and ongoing alignment of the curriculum;
- College leadership equipped with the skills to succeed in strategic partnerships with employers; and
- Employers prepared to develop a relationship with colleges based on the development of their future workforce.

Employers should be encouraged to contribute to the college curriculum development, provide access to industry standard equipment, industry relevant case studies and projects, student work placements and secondment opportunities to support college staff's CPD. In some colleges this is already part of the culture, with business involvement woven into the fabric, and employers regularly on the campus helping shape the curriculum, providing work experience and indeed recruiting from the student body. This needs to become the norm.

In supporting skills for the Scottish economy, colleges should also work together in appropriate partnerships across regional boundaries to support industry

²⁴ The College will support leadership development at all levels for education practitioners across Scotland.

sectors. Coordination of services and collaboration, as exemplified in the Energy Skills Partnership, provide an efficient response to industry requirements. Different sectors will require different types of services from colleges but the principles of national coordination, efficient use of resources and planned investment should apply for all.

The Regional Invest in Youth groups should support and enhance these initiatives and encourage their development more widely. They should ensure regional labour market trend information is available to inform college provision and to contribute to the regional college outcome agreement process.

New College Lanarkshire Knowledge Transfer Hub

The New College Lanarkshire Knowledge Transfer Hub has been established for over three years and has over 300 employers involved from large organisations to micro businesses. The Knowledge Transfer Hub offers the college an opportunity to engage directly with a wide range of businesses drawn from across the areas it operates in. The Hub's activities are co-ordinated by a dedicated business development team.

Benefits for the college and businesses include employer input to college planning and curriculum; student placement opportunities; employment opportunities for students; recruitment opportunities for employers; accredited training for employers' existing staff; placements for college staff; assistance with projects ranging from marketing to cutting edge innovation via knowledge transfer projects; sharing of good practice and problems with other members of the network; and seminars, networking events and presentations from guest speakers.

Ayrshire College Wind Turbine Technician Diploma Programme

The Wind Turbine Technician Diploma programme in Ayr has been developed in response to the growth of the wind turbine sector in Ayrshire. Under this context, Ayrshire College, in conjunction with local employers, City & Guilds, Dumfries and Galloway College and Fife College created this course to facilitate the training of the future maintenance workforce.

This course has been designed in consultation with major employers' input, adding validity to the course content and its qualifications. It comprises of both a City and Guilds Diploma, covering the theoretical elements of the course, together with a SEMTA Performing Engineering Operations (PEO) which develops the hand skills required by industry. Subjects covered include hydraulics, pneumatics, and programmable logic. The course offers added value for students, through the undertaking of the Safety Technology and NEBOSH Health & Safety courses, and the three day, First Aid at Work qualification, some of which are mandatory units required for operatives working in this field.

Successful participants on the course are guaranteed two interviews with wind turbine maintenance companies.

Industry Led Skills Planning

Recommendation 18: In the development of future industry Skills Investment Plans and Regional Skills Assessments, and in the updating of existing plans, there should be a specific focus on youth employment and the development of vocational pathways starting in the senior phase.

The development of Skills Investment Plans and Regional Skills Assessments, and their use in aligning vocational education and training to the national needs of industry is an issue which we cover in the Education and Training section of this report. While labour market projection is never an exact science, aligning the educational and training opportunities and careers advice with the best available labour market information is of critical importance to the employment prospects of our young people and the potential pool of prospective employees that companies can recruit.

In order to get the maximum advantage out of the vocational pathways we have recommended, it is important that the sectoral Industry Leadership Groups who are responsible for the Skills Investment Plans consider how the opportunity to develop career focused vocational pathways starting in school might impact on talent development for their sectors and increased youth employment.

We therefore recommend an early audit of existing Skills Investment Plans and Regional Skills Assessments to take account of the potential implementation of senior phase vocational pathways and the other improvements to the vocational education and training system we have recommended. For those sectors, which are still in the process of developing their plans, we would recommend that account of the changes we recommend are built in from the outset.

RECRUITMENT OF YOUNG PEOPLE

Currently only 29 per cent of businesses in Scotland recruit young people directly from education, only 13 per cent of employers employ apprentices and 53,000 young people are unemployed. We believe that greater employer engagement in education and training will better prepare young people with the skills, knowledge and attitude that employers are looking for and thus they will employ more young people. This is clear from the experience of the best performing European countries.

We also expect that young people achieving vocational qualifications at an earlier age, more exposed to the workplace, better informed about the world of work, and clearer on their career goals, will be more attractive to a greater number of employers.

The Regional Invest in Youth Groups will play an important role in promoting the business benefits of employing young people to employers in their region, and encouraging them to recruit young people and increase the number of Modern Apprentices employed. They should have supporting information available to present, highlighting the advantages of employing young people (see our Benefits to Employers section). The Groups would also be encouraged to identify champions who currently have a strong commitment to recruiting

and training young people in their own business and who can act as ambassadors and mentors across the employer base.

Our recommendations recognise the individuality of many employers, the importance of providing support to SMEs to recruit and train more young people, the very significant role public sector should play as an exemplar in youth employment and the role that the public and private sectors can play in working with their supply chain.

It is clear that many employers have got out of the habit of recruiting young people and prefer to take on older people with work experience. Our recommendations focus on correcting this.

Recognising Good Practice – Invest in Youth Accolade

Recommendation 19: A nationally defined Invest in Youth Accolade should be developed to recognise industry's engagement in the development and employment of Scotland's young workforce.

Public perception and reputation are important for all businesses and public bodies, particularly with the impact of media, including social media, on brand image. The IY Accolade will become an important tool in publicly distinguishing and recognising those employers who engage in the development and employment of Scotland's Young Workforce from those who don't.

Every large and medium sized business in Scotland should be expected to develop an Invest in Youth policy and those who do should be publicly recognised. Investors in People Scotland have been developing a youth employment accolade based on good practice among employers. This could provide a good basis for the public recognition proposed in our recommendations.

Employers should be supported to use their engagement with education and youth employment as part of their brand promotion, which is so important in attracting customers and good employees. At the same time, questions should be asked about those who don't engage.

It's important that an award of this nature recognises the challenges of different sizes of business. The largest employers might be expected to make a contribution in the widest possible range of ways including procurement and activity to support diversity. The majority of employers operating on a smaller but still reasonable scale might be in a position, with some support, to employ more Modern Apprentices and young people generally, as well as making some contribution to education. The majority of micro businesses might make a more limited but still valuable contribution.

Thus it might be appropriate to have a Gold, Silver and a Bronze entry for the Invest in Youth award with the potential to graduate from one level to the next. The awards will reflect different levels of input while allowing all employers who make a contribution to have their involvement recognised.

Over the medium to longer term, we would look to the majority of employers to achieve the Bronze entry level as a minimum. Public sector employers are in a strong position across the country to lead by example and would generally be expected to achieve the Gold level.

Additional Support for Businesses Recruiting and Training Modern Apprentices

Recommendation 20: A small business Modern Apprenticeship recruitment incentive package should be developed to equip and support smaller and micro businesses to recruit and train more young people.

A package of support should be offered to small businesses²⁵ to encourage and equip them to recruit young Modern Apprentices into their workforce. This should include:

- Training for a key member of their staff on the induction and training of a young Modern Apprentice;
- Additional support from the partner training provider to support the Modern Apprentice, tailored to the needs of the business; and
- A clear and simple recruitment incentive to reduce the cost of employing the apprentice. For example, SMEs are currently eligible for the equivalent of the first 6 months wage costs for an apprentice – this could be extended to one year for small businesses.

We believe this package, consistently offered to small businesses across the country, would encourage more of them to take on a Modern Apprentice, in some cases for the first time. The development of Foundation Apprenticeships in the senior phase for some occupations and the UK Government's recently announced abolition of National Insurance for those aged under 21, should significantly reduce the costs of recruiting a young person for small businesses.

Training providers and colleges, who deliver the MA programme, should be incentivised to help small businesses to recruit apprentices and provide additional support throughout the apprenticeship period. This could include a centralised telemarketing approach to promote the package to small businesses and identify those interested in recruiting Modern Apprentices.

We recommend that SDS consider these and other measures to increase small businesses' recruitment of Modern Apprentices in partnership with training providers and colleges.

More generally the Regional Groups, colleges, local authorities, Business Gateway²⁶ and the Enterprise Agencies should work to support small businesses to recruit and train young people beyond the Modern Apprenticeship programme.

²⁵ Small businesses are defined as those with less than 50 employees.

²⁶ Business Gateway offers a range of professional resources and support to businesses of all types.

Recommendation 21: Voluntary levy schemes to recruit and train young people in skills shortage areas should be encouraged. Groups of employers should be supported to work in collaboration, with the Scottish Government providing co-funding.

In parts of the economy, at sectoral or geographic levels or both, there is often market failure, which leads to skills gaps and shortages that cannot be fully addressed by increasing wages or recruiting from outside Scotland. The only answer in such situations is to train and recruit new entrants.

In some cases this has prompted employers to come together to fund training and employment of young people through a combination of private and public investment.

A long established example of this is in construction where a mandatory training levy is in place. This achieves consistent, ongoing investment in training young entrants to the sector, even in times of severe constraint such as has been experienced across construction in recent years.

There are other non-mandatory examples, where, faced with growing customer demand and an aging workforce, businesses have pooled their resources to initiate programmes to recruit and train young people. An example of this has been in the textile industry.

This type of approach could be extended further through the development of joint public/private investment models run along similar lines to the UKCES Employer Ownership of Skills pilot, where groups of employers would be invited to develop proposals to address the challenges they face. In many cases, trade union involvement in the development of proposals would be an important element of employee engagement in such activity.

Incentivising and Supporting More Employers to Recruit More Young People

Recommendation 22: Procurement and supply chain policies in both the public and private sectors should be applied to encourage more employers to support the development of Scotland's young workforce.

Community benefit clauses, often relating to youth employment, have become a mainstream element of public sector procurement in Scotland. Those bidding for public contracts are required to deliver measureable benefits such as the recruitment of Modern Apprentices. This approach has been enhanced by the recently published Sustainable Procurement Action plan.

We recommend that this approach should be extended into private sector procurement. We don't think this needs to be done through legislation but instead we would look to the private sector, as they develop their Invest In Youth policies, to include appropriate encouragement for their supply chain.

As well as using procurement as an incentive, both public and private sector companies should work positively with the supply chain to help them to adopt Invest In Youth policies. This could involve providing HR help in the process of employing young people, particularly

Modern Apprentices, and providing, where appropriate, ongoing support. This should be part of their commitment to the national Invest In Youth programme.

Recommendation 23: Public sector employers should be encouraged by the Scottish Government and local authorities to be exemplars in a national Invest In Youth Policy and this should be explicitly reflected in their published corporate plans.

In many parts of Scotland, public bodies are among the largest employers and can offer a wide-ranging contribution to education and youth employment. Their participation would extend beyond public procurement and supply chain policies to ensuring they are exemplars in their own engagement with education and in their training and employment policies.

This needs to be driven by political leaders at all levels of government. Public bodies, including the Scottish Government and local authorities, should be accountable for implementation of their Invest In Youth policy. It's understood that most public bodies are under headcount restrictions, but political leaders should consider relaxing headcount restrictions in the recruitment of young people, particularly Modern Apprentices.

Recommendation 24: Growth businesses and Inward Investment companies in receipt of public funding should be encouraged and supported to employ young people.

Encouraging and supporting growth businesses to recruit young people will be an important step in helping young people to move into careers with good long term employment prospects. Bringing young people into growing businesses would also benefit the firms themselves as they seek to build a dedicated and skilled workforce to support their ambitions for growth.

The enterprise agencies, which have a significant level of engagement with growth companies, are well placed to encourage and support them to recruit young people as their workforces expand. This should include:

- The enterprise agencies could introduce a new expert help service to assist growing account managed companies develop youth appropriate recruitment, training and HR practices. This would help embed capacity and capability in the business to do this on an ongoing basis.
- The enterprise agencies could introduce top up financial support to those growth companies with a strategic growth project to include a youth employment dimension.

If this approach doesn't show early positive results the Scottish Government should consider stronger measures in their arrangements with the enterprise agencies.

As a condition of their grant, those in receipt of Regional Selective Assistance grants should, where the circumstances are appropriate, commit to setting targets for youth employment as a percentage of their total workforce. The enterprise agencies should report annually on

accepted derogations here. These companies would also be expected to develop an Invest in Youth policy as a condition of their RSA grant.

Business Gateway growth clients should also be encouraged to consider opportunities for youth employment and should be potential targets for the small business Modern Apprenticeship recruitment incentive package outlined in recommendation 20.

Recommendation 25: Financial recruitment incentives should be re-examined and carefully targeted to achieve the most benefit in providing sustainable employment for young people.

Since the start of the recession a wide range of financial incentives have been made available to employers recruiting young people. Essentially these are a contribution to the wages of a new young recruit. The focus should be on maximising ease of access for employers, ensuring equity, and achieving long-term benefits in terms of developing the young person as well as on initial recruitment.

- Recruitment incentives should be linked to training young people in employment, with a particular focus on encouraging the recruitment of Modern Apprentices.
- Smaller employers should always be the target group for recruitment incentives.
- Consideration should be given to extending the timeframe over which a recruitment incentive is available to support the recruitment of young people onto longer Modern Apprenticeship frameworks.
- Within existing incentive schemes there should be additional funding to mitigate against any higher costs associated with employing young people with disabilities and those with other additional support needs.
- The Regional Invest in Youth Groups proposed in recommendation 14 should promote recruitment incentives to employers in their region.
- Local authorities should work together across boundaries to ensure that the benefits of recruitment incentives to young people and employers don't become subject to a postcode lottery.

ADVANCING EQUALITIES

ADVANCING EQUALITIES

Throughout the Commission's work we have encountered a number of equalities issues in education and employment practices and outcomes for young people. There is a strong economic and social case for actively seeking to address these issues.

- To grow our economy we need to make the most rational use of all the skills we have available. This will widen the talent pool to employers, bring a wider range of perspectives into the workforce and offer a more diverse range of cultures for internal teams within organisations and for external dealings with customers and markets.
- For individuals, considering and accessing a wider range of educational and career options can improve long term earning prospects and reduce the likelihood of unemployment.
- Diversity in the workplace, reflecting the diversity in our communities, will make a tangible contribution to addressing wider inequality issues in society.

We have focused on gender, race, disability and care leavers as there is strong evidence that young people in these groups encounter significant inequalities within education and employment. There is no doubt young people in other equality groups also face difficulties, and, going forward, there should be studies on these.

The Commission hopes these recommendations will both make a tangible difference to young people facing inequalities today, but also stimulate progress to significantly reduce the factors leading to the inequalities faced. We would also hope our recommendations have a positive impact on other equality groups.

Our original intention was to mainstream some equalities recommendations throughout the report. However, to do justice to the significant challenges, it was felt a separate section is justified.

The main conclusions we have reached are summarised below and our recommendations seek to address these.

- Gender stereotyping in education does exist as does gender segregation in a significant number of the occupations and careers young people pursue.
- Young people from Scotland's black and minority ethnic communities embark on a narrower range of pathways than young people from the population as a whole and are more likely to experience unemployment.

- Young people with disabilities are much more likely to experience difficult transitions through education and to be unemployed after they leave education.
- And young care leavers as a group experience some of the poorest educational and employment outcomes of any group of young people in society.

CROSS CUTTING EQUALITY ISSUES

We have identified two cross cutting equality recommendations which should contribute to reducing the impact of equalities issues we have observed.

Recommendation 26: Scotland should embed equality education across Curriculum for Excellence.

By the time children enter education many of the beliefs and attitudes which lead to unequal employment outcomes are already established.

Placing career aspiration at the centre of a Scottish approach to equality education will make a meaningful long term difference in how young people see themselves and each other from a very early age, while impacting positively on their choices as they move toward and into work.

- In pre-school education there should be a focus through play on challenging gender and other stereotypes in relation to job roles.
- In primary education, exploration by pupils into the world of work should be based on a range of educational materials which promote a diverse representation of the workforce.
- In primary and secondary education, visits to schools by employees should be managed to bring in young people and other employees who are representative of a diverse workforce.
- Schools, local authorities, employers, SDS and equality groups should develop materials to deliver career management skills which demonstrate and emphasise diversity in the workplace.
- To support this, equality training must form part of the initial training of nursery staff, school teachers and career guidance staff and there should be opportunities to enhance this in CPD programmes for existing staff.

Recommendation 27: Promotion and communication of career options should actively target equalities groups to promote diverse participation across gender, Black & Minority Ethnic groups, young people with disabilities and care leavers. The promotion of Modern Apprenticeship opportunities should be to the fore of this activity.

As senior phase and post-school vocational pathways develop, sustained efforts should be made to attract diverse participation and this should be reinforced in relevant communication, marketing, promotional and careers material and underpinned by the use of role models and ambassadors from all under-represented groups.

Parents and carers of young people from low participation groups should be targeted and the benefits and value of vocational pathways and related occupations should be presented to them.

This has to be taken forward through a partnership between schools, colleges, training providers, employers, communities and equality groups. SDS is well placed to take a lead role in this area, tailoring approaches to reflect the diversity and needs of local areas. Building on existing good practice, there should be a national campaign supported by our proposed Regional Invest in Youth Groups, local authorities and schools to raise awareness across education and industry of inequalities in specific career paths and job categories.

The online Modern Apprenticeship application system which we have recommended should be developed in a way which allows SDS to monitor both applications and starts from equalities groups.

GENDER

Too many young people continue to make choices which conform to gender stereotypes which in turn limit their longer term career opportunities. We need to counter the influence of early culture and prejudice to better enable young people to make choices which are right for them in the long term. Equality programmes should inform and counter, but not try to force choice.

There have been some improvements in gender balance over the years in a number of areas such as the legal and accountancy professions, but for example we still have only 3% females into engineering Modern Apprenticeships and only 3% males into Modern Apprenticeships in children's care. These are among the more extreme examples. However we see this effect across vocational education and training. Three quarters of Modern Apprenticeship frameworks have a gender balance of 75%/25% or worse, while half of college superclasses²⁷ are in the same situation.

Very disappointingly, this trend continues in terms of female participation in some of the newer industries including life sciences, renewables and IT. These are sectors where the environment and range of skills required would lead us to expect females to be as successful as males. A significant factor in this is subject choice at school. There were numerous anecdotal comments that girls in S2/S3 school don't see science and maths as cool! The challenge is how to change that mind-set.

²⁷ College course subject groupings.

We found the gender inequality challenge particularly difficult, and are recommending a number of steps to proactively encourage young people of both genders to consider vocational pathways and ultimately occupations that would not traditionally be considered.

Recommendation 28: Senior phase vocational pathways should be designed to encourage more gender balance across occupations.

- Schools should actively monitor the gender balance of subject choices, and influence those choices through working with employers to help shape the curriculum and provide 'real life' context for learning which appeals to both genders. This is particularly important in STEM subjects.
- Schools and colleges should work with employers to design and deliver a gender-balanced range of work experience opportunities for young people.
- Vocational pathways and Foundation Apprenticeships starting in the school senior phase should actively target males or female depending on any occupational gender imbalance.
- Realistic but stretching gender targets should be established for senior phase vocational pathways and Foundation Apprenticeships with the aim of increasing participation from the under-represented gender group.
- Schools should come up with specific measures to counter gender stereotyping in subject choice.

The Regional Invest in Youth groups will play an important role in raising awareness of gender inequalities and encouraging employers to think differently about gender balance in the workplace, while local authorities should encourage schools to do the same.

Recommendation 29: The Scottish Funding Council and colleges should develop an action plan to address gender disparities within college education. This should be underpinned by realistic but stretching improvement targets. The Scottish Funding Council should report on this annually.

Gender segregation in college education is significant in a number of areas. For example, only 4 per cent of enrolments in electrical engineering courses are by female students and similarly, male students account for 5 per cent of enrolments for courses in childcare services. Colleges should aim to influence subject choice earlier in the education pipeline through their engagement with schools in the delivery of vocational options in the senior phase.

- Colleges should maximise engagement with schools to ensure emerging senior phase pathways help address gender disparities.

- Support networks should be developed for young people in college courses which are currently heavily gender segregated. This might involve mentoring or other activity to support sustained progression into employment and beyond.

The Funding Council has a key role to work in partnership with colleges to monitor progress through the college Regional Outcome Agreements.

Recommendation 30: Skills Development Scotland should develop an action plan to address gender disparities within Modern Apprenticeships. This should be underpinned by realistic but stretching improvement targets. SDS should report on this annually.

While the overall gender balance within Modern Apprenticeships has improved in recent years, gender segregation within many frameworks remains very significant. The introduction and delivery of gender targets for the Foundation Apprenticeships in the school senior phase should help create a cohort of young people much more likely to break through the gender imbalance by going into employed Modern Apprenticeships. This must be allied with efforts by employers to reflect an improved gender balance in their recruitment from schools and colleges. This should produce more role models to subsequently encourage young people from both genders to progress into careers where gender imbalance has long been the norm.

Specific targeted efforts must be made to address gender segregation among the most affected Modern Apprenticeship frameworks. SDS have a key role here and will need to work in partnership with schools, training providers, colleges, employers, parents and carers and with Scotland's equalities bodies to develop and implement action plans. This work should draw on successful examples and experience. The Chartered Institute of Personnel and Development Scotland could bring their expertise and play a role in sharing good practice here.

- Initial priority for improvement should be given to those Modern Apprenticeship frameworks where there are significant numbers and the gender balance is 75% to 25% or worse. Specific actions should be identified to support the uptake and progression among young people and where necessary the recruitment practices of employers.
- Support networks should be developed for young people entering Modern Apprenticeships in occupations which are currently heavily gender segregated. This might involve additional training, mentoring and other activity to support sustained employment and progression.

YOUNG PEOPLE FROM BLACK AND MINORITY ETHNIC GROUPS

As a single group, young people from BME groups are less likely to participate in certain vocational pathways, more likely to experience prejudice and stereotyping and more likely

to be unemployed than the general population. However it is important to recognise that education and employment outcomes do vary significantly between different BME groups.

A complex range of factors influence the choices young people make including the cultural attitudes of parents and teachers toward certain choices and in some cases the attitudes of employers.

Recommendation 31: A targeted campaign to promote the full range of Modern Apprenticeships to young people and parents from the BME community should be developed and launched to present the benefits of work based learning as a respected career option and alternative to university.

We believe the key action is around communication and promotion. While this is captured in the cross cutting recommendations, there should be a specific focus on young people from BME communities and their parents. This should be tailored to specific communities in different parts of the country and should emphasise the full range and different levels of Modern Apprenticeships.

This should be underpinned with direct engagement on the issue with schools with significant numbers of pupils from BME groups. The development of the senior phase pathways, which we have recommended, should also provide an opportunity for schools to support young people from BME groups to consider a wider range of post school opportunities.

The young people from BME groups we have spoken to have also suggested that role models drawn from young people on the full range of vocational pathways and related occupations would also encourage them to consider a wider range of options.

Recommendation 32: SDS should set a realistic but stretching improvement target to increase the number of young people from BME groups starting Modern Apprenticeships. Progress against this should be reported on annually.

It is estimated that young people from non-white BME backgrounds represent less than 2% of Modern Apprenticeship starts²⁸ while representing 6% of all young people.²⁹

The activities outlined in recommendation 31 should increase awareness of the range of Modern Apprenticeships available, while the online application process recommended in recommendation 8 will make accessing Modern Apprenticeship opportunities easier for those young people not aware of vacancies through family or social networks.

The Commission believes that to focus action on increasing the number of BME young people taking up Modern Apprenticeships, a target needs to be in place. Engagement by training providers and employers with BME communities will be an important aspect of achieving this target.

²⁸ Source: Skills Development Scotland

²⁹ Source: 2011 Census, National Records of Scotland

- Training providers and colleges should focus on working with employers to help them engage with BME communities to increase the number of Modern Apprenticeships taken up by young people from BME groups.

YOUNG DISABLED PEOPLE

Young disabled people are more likely to be offered a limited range of education and training opportunities and ultimately to experience significant periods of unemployment. This issue is illustrated very clearly within Modern Apprenticeship statistics. Out of 25,691 Modern Apprenticeship starts in 2012/13, only 63 were taken up by people with a declared disability.³⁰ This represents a 0.2% share of all starts against the youth population share of 8%.³¹ The focus needs to shift from what young disabled people can't do to what they can do, to take advantage of their talents and skills.

Evidence demonstrates that young disabled people have a similar level of career aspiration at the age of 16 to their wider peer group. By the time they are 26, they are nearly 4 times more likely to be unemployed. We need to foster that early aspiration and reinforce it with support which enables the young person to take control of their own journey toward and into employment.

Recommendation 33: Career advice and work experience for young disabled people who are still at school should be prioritised and tailored to help them realise their potential and focus positively on what they can do to achieve their career aspirations.

- Employer-led career activity involving young disabled people should focus on promoting positive potential employment options. Young disabled people should be made aware of the package of support available to them and potential employers.
- Public sector and other large employers should lead best practice and offer a proportion of work experience opportunities to young disabled people in line with the proportion of the youth population which has a disability. This should be a mandatory element of the achievement of our proposed gold standard Investors in Youth Accolade.
- Employers offering work experience to young disabled people should receive support from specialist organisations to ensure that the work experience is beneficial to the young person's longer term career prospects. Relevant regional and national organisations should be identified to co-ordinate this.
- The Scottish Government, working with the third sector should consider developing a model to widen the range of work experience opportunities available to young disabled people.

³⁰ Source: Skills Development Scotland

³¹ Source: Modern Apprenticeships: Equality & the Economy, EHRC (2013).

ENABLE Scotland – Stepping Up

Funded by Inspiring Scotland, ENABLE Scotland's Stepping Up service delivers an innovative employment programme to young people aged 14-19 who have learning disabilities. It is a comprehensive support service which takes participants from an initial investigation of the world of work, through a process of discovery and planning for the future, to engagement with employers in real workplace settings, support to start employment and aftercare to ensure that jobs are sustained and incomes are maximised.

Young people undertake a range of activities that are carried out both one to one and in group settings. They are designed to allow the young person to fully explore the options available to them, to plan their next steps with the support of teachers, parents and carers and gain the skills they need to succeed.

Activities are carried out in schools by Transitions Coordinators, on a one to one basis and in group settings. Major programme elements such as on-site work experience are delivered at employers' premises. Where possible, each young person is matched with a Workplace Champion who will act as their mentor, supporting them to learn new skills and to develop natural workplace supports. Work placements are monitored regularly by Transitions Coordinators with input from the young person, their line manager and champion and these reviews are recorded and feedback is provided to schools.

Of the 270 students who progressed from school up to the end of April 2013, 105 Young people were supported to employment.

Recommendation 34: Funding levels to colleges and MA training providers should be reviewed and adjusted to reflect the cost of providing additional support to young disabled people, and age restrictions should be relaxed for those whose transition may take longer.

The learner journeys of young disabled people are often disjointed and can take longer to complete. Funding rules should be adjusted to give them the best possible chance of succeeding and moving into sustained employment.

- Young disabled people should attract the highest level of Modern Apprenticeship or college funding for their chosen framework or subject until the age of 30.
- Where additional support is required, training providers and colleges should receive a higher level of funding for young people with disabilities on the Modern Apprenticeship programme and on mainstream college courses.

Recommendation 35: Within Modern Apprenticeships, SDS should set a realistic but stretching improvement target to increase the number of young disabled people. Progress against this should be reported on annually.

We have been advised that equality legislation permits more favourable treatment for disabled people in terms of employment. This legal asymmetry recognises the barriers that disabled people have to face.

This very much points to an approach which provides a realistic but clear and stretching target on Modern Apprenticeships for young disabled people and drives activity to meet that target. Access to Modern Apprenticeships for young disabled people should be focused at least in part by an assessment of the young person's competencies.

Recommendation 36: Employers who want to employ a young disabled person should be encouraged and supported to do so.

More effort should be made to support employers to personalise and design jobs for young disabled people and to provide appropriate training. Learning from those employer support programmes which have proved successful should be used to develop specialist support for training providers in assisting employers who would like to employ a young disabled person. Support should also be in place to help employers to take advantage of existing support such as DWP Access to Work funding. Organisations such as the Business Disability Forum may have an important role to play in this area.

CARE LEAVERS

Care leavers experience some of the poorest educational and employment outcomes of any group of young people. One in three is unemployed 9 months after leaving school.³² The recent Children and Young People's Act 2014 has a particular focus on young people in care and care leavers with a range of measures designed to provide better support which lasts longer. The Commission's recommendations are also underpinned by these principles. Where relevant we would look to see the implementation of our recommended measures relating to education, employability and employment integrated with the new wider approach laid out in the Act.

Recommendation 37: Educational and employment transition planning for young people in care should start early with sustained support from public and third sector bodies and employers available throughout their journey toward and into employment as is deemed necessary.

Young people preparing to leave care face disjointed journeys from school into post-school education and on into work. Better planning and additional support from employers would help smooth these journeys.

- Transition planning for young people in care should start at 14 at the latest, not least so that young people who wish to do so should be able to access the senior phase

³² Source: Education Outcomes for Scotland's Looked After Children, 2011/12. Scottish Government, (2013)

vocational pathways we recommend. This should focus on the journey through to positive employment outcomes.

- Large public and private sector employers should be encouraged and enabled to provide an ongoing package of mentoring, work experience and other employment related support to young people in care. This should be reflected and highlighted in the assessment of the Invest in Youth accolade for larger organisations. SMEs can also make a significant contribution in this area and should also be supported to achieve this.

Recommendation 38: Across vocational education and training, age restrictions should be relaxed for those care leavers whose transition takes longer.

The learner journeys of care leavers can be impeded by unhelpful funding barriers which often don't take account of the wider challenges the young person faces as they make the transition into adult life. Removing these need not be prohibitively expensive given the relatively small number of young people in question and the often significant lifetime costs of failing to do so.

- Care leavers should receive a coherent package of support which goes from school into post-school education and training and into employment. This should include an automatic entitlement to discretionary learner support for those moving out of care and undertaking further education courses at college.
- Care leavers should attract the highest level of Modern Apprenticeship funding for their chosen framework until the age of 30.
- Consideration should be given to incorporating specific targets relating to care leavers within Modern Apprenticeships.

Recommendation 39: In partnership with the third sector, the Scottish Government should consider developing a programme which offers supported employment opportunities lasting up to a year for care leavers.

For many care leavers, access to the family and social networks that many young people draw on to move into employment is not available. Additionally, the challenges of moving into employment for the first time often come at a time when care leavers are facing a significant range of other challenges over and above those faced by other young people.

For young care leavers, a sustained period of paid employment in a supportive environment would be particularly beneficial as they go through the transition into adult life. As well as providing stability, income and an opportunity to develop their skills, an opportunity to work for up to a year in a supportive environment would significantly enhance some care leavers' CVs and future employment prospects.

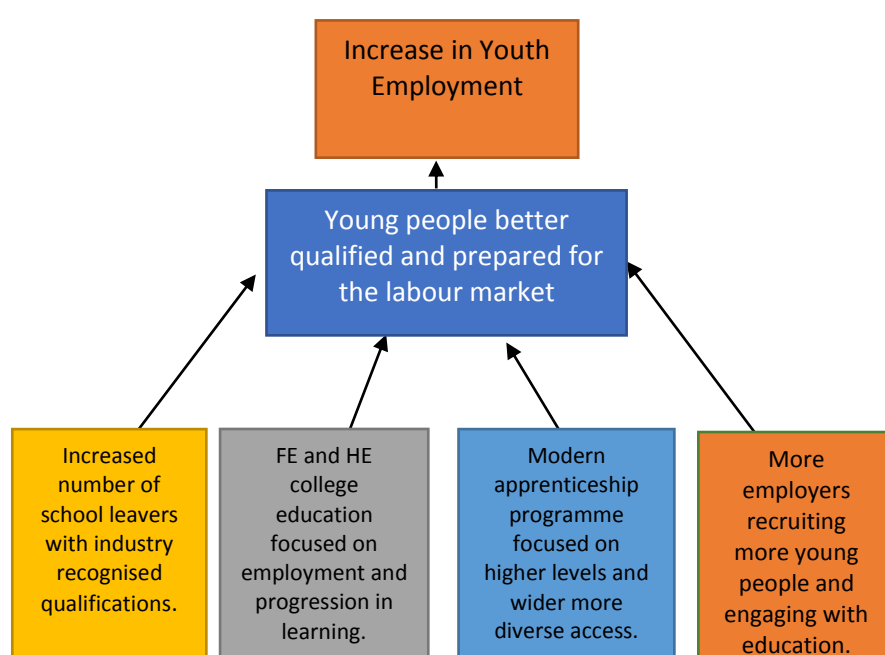
APPENDICES

APPENDIX 1 - PERFORMANCE INDICATORS

The implementation of the Commission's recommendations must be assessed against some key indicators.

The unifying purpose of all the work to implement the Commission's recommendations is to increase the rate of youth employment with better qualified young people who are better prepared to succeed in the modern labour market and to encourage more employers to recruit young people from education.

The drivers toward this outcome are the education and preparation of young people for the world of work and employers willing to engage with education and employ young people as illustrated in the following diagram.



Scotland's youth unemployment

The current youth unemployment rate in Scotland is 18.8%³³ (UK is 18.4%) against the all age working population unemployment rate is 6.4%.³⁴ Increasing youth employment levels will be the major impact of the successful implementation of the Commission's recommendations.

Increased number of school leavers with industry recognised qualifications

The senior phase vocational pathways which we have recommended will, if implemented successfully, see a significant increase in the number of young people leaving school with qualifications which better prepare them for further study, Modern Apprenticeships and other employment opportunities. The opportunity to study for NC/HNC and other vocational

³³ Source: Labour Force Survey Jan-Mar 2014, ONS (not seasonally adjusted)

³⁴ Source: Labour Force Survey Jan-Mar 2014, ONS (not seasonally adjusted)

qualifications while still at school will help young people develop skills and attain knowledge, which will prepare them for life after school. Similarly the opportunity to undertake Foundation Apprenticeships in the senior phase will make young people much more attractive to employers seeking to recruit Modern Apprentices.

Attainment of these qualifications should be a key indicator to be tracked over time.

College education focused on employment and progression in learning

Colleges have a central role in the development of Scotland's young workforce. Young people choosing to go to college do so in order to improve their employment opportunities and chances to progress to higher levels of study. The gap in information here should be addressed as a priority and the employment and higher study outcomes of college education should be a key indicator to be tracked going forward.

Modern Apprenticeships focused on higher levels and wider more diverse access

The Commission has made a number of recommendations on the future development of Modern Apprenticeships. These are designed to widen the range of opportunities available within this increasingly important pathway and to offer an increased number of higher level Modern Apprenticeships. This development of the system should be carefully monitored over time.

More employers recruiting young people and engaging with education

Employers make by far the most important contribution to youth employment. Without more employers stepping forward and recruiting young people we will not see the improvements that we all wish to see. This and employers' contribution to education must therefore be key indicators.

Key Performance Indicators

The aim is to monitor a small number of indicators from existing sources or in some instances create a new baseline data set which can, where possible, be collected through existing mechanisms and to track progress over time. Key Performance Indicators and targets are detailed in the tables below.

Key Performance Indicators

Outcomes				
No.	Measure	Current Baseline	Target	Source
1	The relative ratio of youth unemployment to 16-64 unemployment.	Current multiple of 16-64 unemployment rate to 16-24 year old unemployment 2.9.	Decrease in the multiple of the 16-64 year old unemployment rate to the 16-44 year old unemployment rate, to 1.6 by 2020.	ONS Labour Force Survey (based on non-seasonally adjusted figures).
2	The youth unemployment rate in relation to the best performing European countries.	Top 5 European average currently 11.0% - Scotland currently 18.8%. Scotland currently ranked 9.	Improvement toward the average youth unemployment rate of the 5 best performing European countries by 2020.	Eurostat and ONS Labour Force Survey.
Indicators				
3	School leavers not attaining a Higher, but attaining an industry relevant vocational qualification.	No baseline information currently collected in this form.	60 per cent of pupils who don't achieve a Higher leave the senior phase with an industry recognised vocational qualification at SCQF level 5 and above by 2020.	This information is not currently published. It should be collected as part of school leaver destination statistics.
4	The number of young college students moving into employment or higher level study.	No baseline information currently collected.	A target up to 2020 should be set when baseline data is available.	This information is not currently collected – Scottish Funding Council is currently piloting collection of this information.
5	The number of Modern Apprenticeships at level 3 and above.	In 2013/14 15,655 MA starts were at level 3 and above.	20,000 MA starts at level 3 and above by 2020.	Skills Development Scotland.
6	Percentage of employers recruiting young people directly from education	In 2012 29% of employers recruited a young person directly from education.	35% employers recruit a young person from education by 2018.	UKCES Employer Skills Survey.

No.	Measure	Current Baseline	Target	Source
7	Percentage of MA frameworks/College superclasses where the gender balance is 75%/25% or worse.	In 2012/13 three quarters of MA frameworks and half of college superclasses were in this position.	Reduces to 60% for MA frameworks and 40% for college superclasses by 2020.	SDS MA statistics. SFC college statistics.
8	MA starts from non-white BME groups.	In 2012/13 less than 2% of MA starts were from non-white BME groups.	Move toward population share by 2020.	SDS MA statistics.
9	Employment rate for disabled young people.	In 2012 41.3%.	Move toward population average by 2020.	ONS Annual Population Survey.
10	School leaver destinations among looked after children.	In 2013 1 in 3 were unemployed 9 months after leaving school.	Reduce toward population average by 2020.	Education Outcomes for Scotland's Looked After Children, Scottish Government.

APPENDIX 2 – TERMS OF REFERENCE

Commission for Developing Scotland's Young Workforce

Terms of Reference

The Government's vision is one where high and increasing skill levels in the workforce drive increased productivity and growth, higher real wages and social mobility across Scotland.

Looking forward, Scotland requires:

- Good prospects for sustainable economic growth supported by a skilled workforce and a high quality intermediate vocational education and training (VET) system which complements our world-class higher education system. The key sectors will be particularly important in the longer term as will a strong commitment to continuing workforce development.
- Better connectivity and cooperation between the worlds of education and work, at political and operational levels, to ensure young people at all levels of education understand the expectations of employers and employers are properly engaged.
- A culture of real partnership between employers and education, where employers view themselves as co-investors/co-designers rather than simply customers.

Building upon the Government's Economic Strategy, the introduction of Curriculum for Excellence and the extensive reforms of Post 16 Education now underway, the *Commission for Developing Scotland's young Workforce* will develop proposals that:

- enable young people to make the best transition from a broad general education under CfE into a comprehensive range of opportunities for vocational & further education and training;
- stimulate work awareness and work readiness, and make best use of work experience in the compulsory phase of schooling and thereafter;
- achieve a system of vocational & further education and training which meets the needs of the changing economy as set out in the Economic Strategy, and delivers the qualifications and skills which employers need;
- identify improvements in the methods of Schools, Further Education and Modern Apprenticeships, and their integration with advanced tertiary education, as required by the above considerations;
- improve the way in which schools tertiary education providers work together to change the extent and nature of vocational education;

- promote improved access and a genuine equality of opportunity, broadening the prospects of occupational choice in the years ahead;
- make this a genuine national endeavour, with stronger employer commitment and investment;

The Commission will engage senior figures in the world of business and education in re-examining the purpose of vocational education in future. It will draw upon the experience of other OECD economies. It is expected to draw preliminary conclusions in the autumn of 2013, with final recommendations in the second quarter of 2014, and to lead and shape the climate of business and education opinion.

APPENDIX 3 – COMMISSION MEMBERSHIP

Commission Members

Sir Ian Wood – Chair

Linda McKay – Vice Chair

Sue Bruce

Michael Davis

Sylvia Halkerston

Lord Willie Haughey

Grahame Smith

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